



PRAKASH STEELAGE LIMITED

[Incorporated on 09/05/1991 under the Companies Act, 1956 as 'Prakash Steelage Private Limited' vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company was later converted into a public company and the name was changed to 'Prakash Steelage Limited', pursuant to a shareholders resolution dated 11/07/1997 and received a Certificate of Change of Name on 12/08/1997. The Corporate Identity Number of the Company is 'U27106MH1991PLC061595'.]

Registered Office: 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai- 400026;

Tel.: +91-022-2352 6513 /2352 6514 /6613 4500; **Fax :** +91-022- 2352 6576 ; **Website:** www.prakashsteelage.com;

Contact Person: Ms. Sarika Singh, Company Secretary & Compliance Officer; **E-mail:** cs@prakashsteelage.com

[For details regarding change in Registered office of the Company please refer to section titled "History and Other Corporate Matters" on page. 83 of this Prospectus]

PUBLIC ISSUE OF 62,50,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF PRAKASH STEELAGE LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 110.00 PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. 100.00 PER EQUITY SHARE), AGGREGATING TO RS. 68.75 CRORES (THE "ISSUE"). UPTO 1,00,000 EQUITY SHARES WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE 35.71% OF THE POST ISSUE PAID -UP CAPITAL OF THE COMPANY. THE NET ISSUE TO PUBLIC WOULD CONSTITUTE 35.14% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

ISSUE PRICE: RS. 110/- PER EQUITY SHARE. THE ISSUE PRICE IS 11 TIMES OF THE FACE VALUE.

THE PROMOTERS OF THE COMPANY ARE MR. PRAKASH C. KANUGO AND MR. ASHOK M. SETH

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (10) days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Member. The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers, out of which 5% of the Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not less than 15% of the Net Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per equity share and the Issue Price is 11 times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the 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 Company and the Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page. x of this Prospectus

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this 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 make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated May 05, 2010 and May 28, 2010 respectively. For the purpose of the Issue, BSE is the Designated Stock Exchange.

IPO GRADING

The issue has been graded by Credit Analysis & Reserch Limited (CARE) and has been assigned the 'CARE IPO Grade 2' indicating below average fundamentals vide their letter dated July 12, 2010. For further details and rationale of grading please refer page no. 18.

BOOK RUNNING LEAD MANAGER TO THE ISSUE

KEYNOTE
CORPORATE SERVICES LTD
KEYNOTE CORPORATE SERVICES LTD.
4th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400001.
Tel: +91–22– 30266000-3; **Fax:** +91–22– 22694323
Website: www.keynoteindia.net; **E-mail:** mbd@keynoteindia.net
SEBI Registration No.: INM 000003606
AMBI No.: AMBI/ 040

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PVT. LTD.
E2/3, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai – 400 072
Tel : +91 – 022- 4043 0200/2847 0652; **Fax:** + 91 – 022- 2847 5207
E-mail : ipo@bigshareonline.com
Website : www.bigshareonline.com
SEBI Regn No.: INR000001385

ISSUE SCHEDULE

BID/ ISSUE OPENED ON	FOR ALL BIDDERS	THURSDAY, AUGUST 05, 2010
BID/ ISSUE OPENED ON	FOR QIB BIDDERS	MONDAY, AUGUST 09, 2010
BID/ ISSUE CLOSED ON	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)	TUESDAY, AUGUST 10, 2010



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DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL OR GENERAL TERMS

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
FCNR Account	Foreign Currency Non Resident Account
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
IT Act	The Income Tax Act, 1961, as amended from time to time.
IT Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

ISSUE RELATED TERMS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application for subscribing to an issue, containing an authorization to block the application money in a bank account.
ASBA Investor/ ASBA Bidders	An Investor who intends to apply through ASBA process and is applying through blocking of funds in a bank account with the SCSB
ASBA Form	Bid cum Application form for ASBA Investor intending to subscribe through ASBA
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
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.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI



TERM	DESCRIPTION
	Regulations, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited.
CAN/ Confirmation of Allotment Note	The note or advice or intimation of allotment of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders and Employees applying under Employee Reservation Portion who are applying for a maximum bid amount not exceeding Rs. 1,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs. 1,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) 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.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Maharashtra, Mumbai, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employee, Employees or Eligible Employees (in the Employee Reservation Portion)	A permanent and full-time employee or a Director of the Company, as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid- cum-Application Form. They do not include employees of the Promoters and the Promoter Group.
Employee Reservation Portion	The portion of the Issue, being a maximum of 1,00,000 Equity Shares which is not exceeding 5% of the post issue capital of the Company, available for allocation to the Employees, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being ICICI Bank Limited, HDFC Bank Limited, Axis Bank Limited, Standard Chartered Bank, The Royal Bank of Scotland N.V.
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.



TERM	DESCRIPTION
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 62,50,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. 6875.00 Lacs.
Issue/ Bidding 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.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company consultation with the BRLM, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, subject to any addition of Equity Shares pursuant to any under-subscription under the Employee Reservation Portion.
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion	The portion of this Issue being not less than 15% of the Net Issue consisting of 9,22,500 Equity Shares of Rs. 10/- each aggregating Rs. 1014.75 Lacs, available for allocation to Non Institutional Bidders.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: <ul style="list-style-type: none"> (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 100/- and the maximum price ("Cap Price") of Rs. 110/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Maharashtra, Mumbai containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 30,75,000 Equity Shares of Rs. 10 each aggregating Rs. 3382.50 lacs being upto 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and



TERM	DESCRIPTION
	bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; 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.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Maharashtra, Mumbai at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Maharashtra, Mumbai, after pricing and allocation.
Registrar/ Registrar to this Issue	Bigshare Services Pvt. Limited
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 21,52,500 Equity Shares of Rs. 10/- each aggregating Rs. 2367.75 Lacs, being not less than 35% of the Net Issue, 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).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the Board.
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Keynote Capitals Limited, Enam Securities Pvt. Limited and SMC Global Securities Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

COMPANY RELATED TERMS

TERM	DESCRIPTION
"PSL", "Prakash" "the Company", "We", "us" and "our"	Unless the context otherwise requires, refers to Prakash Steelage Limited a public limited company incorporated under the provisions of Companies Act, 1956.
Articles/ Articles of Association	The Articles of Association of the Company i.e., Prakash Steelage Limited.
Auditors	The statutory auditors of the Company, being M/s Khandelwal Jain & Co and M/s D.C. Bothra & Co, Chartered Accountants.
Board of Directors/ Board	The Board of Directors of the Company or a committee constituted thereof.



TERM	DESCRIPTION
Director(s)	Director(s) of the Company unless otherwise specified.
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company.
Registered Office of the Company	701, Mahalaxmi Chambers, Dr. Bhulabhai Desai Road, Mumbai- 400026

INDUSTRY RELATED TERMS AND ABBREVIATIONS

TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
ERW	Electric Resistance Welded
GDP	Gross Domestic Product
IPT	Inter Plant Transfer
MSPs	Major Steel Plants
MT	Metric Tonnes
MTPA	Metric Tonnes Per Annum
OC	Own Consumption
RINA	Registro Italiano Navale
RINL	Rashtriya Ispat Nigam Limited
SAIL	Steel Authority of India Limited
TISCO	Tata Iron and Steel Company Limited
TMBP	Tin Mill Black Plates
TUVCERT	Technischer Uberwachungs Verein

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
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.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India



ABBREVIATION	FULL FORM
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
NAV	Net Asset Value.
NR	Non Resident
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, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Maharashtra, Mumbai
RoNW	Return on Net Worth.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 112 of this Offer Document, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association of the Company” on page 242 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.



PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Prospectus is derived from the Company's restated financial statements as of and for the year ended March 31, 2010, 2009, 2008, 2007 and 2006 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of the statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2010), are to the fiscal year ended March 31 of a particular year.

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

All references to 'Rupees' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 lac and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, Rs. 10 crore equals Rs. 100 million. All references to '\$', 'US\$' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

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



FORWARD-LOOKING STATEMENTS AND MARKET DATA

We have included statements in this 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”.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis” beginning on pages x, 57 and 163 of this Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its 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, we and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



SECTION I - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks occur, the business of the Company, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. There are certain risk factors mentioned where the effect is not quantifiable and hence not disclosed.

RISK FACTORS INTERNAL TO THE COMPANY

1. We are a party to certain legal proceedings amounting to more than Rs. 39.51 Lacs that, if decided against us, could have an effect on our reputation, business prospects and results of operations. Classification of these legal and other proceedings instituted against our Company, Promoters/ Directors and proceedings filed by us are given as follows.

I Litigations filed / Notices issued against the Company/ Promoters/ Directors/ Promoters group

Summary of litigations pending against our Company (Prakash Steelage Limited) are as set forth below:

Particulars	No. of cases/ disputes	Approximate amount involved where quantifiable (Rs. in lacs)
Pending disputes under Income Tax Act	4	Not Ascertainable
Pending disputes under Sales Tax Act	3	39.51
Total	7	Not Ascertainable

Notices/ Show Cause notices received by our Company (Prakash Steelage Limited) are as set forth below:

Particulars	No. of notices	Date of Notice
Asst. Commissioner of Wealth Tax, Central circle 14, Mumbai	1	October 20, 2009
Joint Commissioner of Customs (E.P), Mumbai	1	March 8, 2007
Income Tax Officer 5(2), Mumbai	1	November 30, 2006
Assistant Commissioner of Income Tax, Range 5(2), Mumbai	1	December 14, 2007

Notices/ Show Cause notices received by Promoter / Director are as set forth below:

Mr. Ashok M. Seth

Particulars	No. of notices	Date of Notice
Commissioner of Customs (import) Special Investigation & Intelligence Branch (Import), Uran, Raigad	1	July 14, 2005
Joint Commissioner of Customs (E.P), Mumbai	1	March 8, 2007



Notices/ Show Cause notices received by one of our Group concern (Prakash Steel) are as set forth below:

Particulars	No. of notices	Date of Notice
Commissioner of Customs (import) Special Investigation & Intelligence Branch (Import), Uran, Raigad	1	July 14, 2005
Joint Commissioner of Customs (E.P), Mumbai	1	March 8, 2007

II Litigations filed by the Company/ Promoters/ Directors/ Promoters group

Summary of litigations filed by our Company (Prakash Steelage Limited) are as set forth below:

Particulars	No. of cases/ disputes	Approximate amount involved where quantifiable (Rs. in lacs)
Criminal	2	26.45
Total	2	26.45

Summary of litigations filed by our Promoter/Group are as set forth below:

PCK Metals Private Limited

Particulars	No. of cases/disputes	Approximate amount involved where quantifiable (Rs. in lacs)
Criminal Cases	2	25.83

For details of cases filed by the Company and the Promoter Group, please refer to page 170 of this Prospectus.

2. *The income-tax authorities have carried out search and seizure operations in the premises of our Company and during this operation certain voluntary disclosures in relation to undisclosed income have been made by Mr. Prakash C. Kanugo on behalf of himself and his related individuals/group companies/concerns which includes the Company. In case of any liability is ascertained the same may affect the financials of the Company.*

During February 2009, we amongst others were subjected to a search and seizure proceedings by the Income Tax Department under section 132 of the Income Tax Act, 1961. During the course of the search and seizure, the Income Tax Authorities have taken custody of certain documents/records and recorded statements of certain officials of the Company. Mr. Prakash C. Kanugo, Chairman & Managing Director on behalf of himself and his related individuals/group companies/concerns which includes the Company filed a voluntary declaration on February 25, 2009 (based on best judgement) declaring an aggregate sum of Rs. 15,00,21,000/- as the undisclosed income and thereafter paid a consolidated income tax totaling to Rs. 4,87,14,831/-. Out of the above voluntary consolidated income declaration by Mr. Prakash C. Kanugo the declaration of income for the Company was Rs. 7,10,97,351/- and the total income tax paid on the said declaration was Rs. 2,70,96,896/- (including interest thereon).

We received a Notice dated July 6, 2009 under the provisions of section 153A of the Income Tax Act, 1961 wherein it was inter-alia directed to file a true and correct return of total income in respect to AY 2003 - 04, AY 2004 - 05, AY 2005 - 06, AY 2006 - 07, AY 2007 - 08 and AY 2008 - 09. In response to the Notice, the Company vide its letters dated August 14, 2009 filed the acknowledged copy of the returns filed for AY 2003-04 to AY 2008-09. The Income Tax Authorities have examined the records / documents taken into their custody and statements recorded during the course of the raid and have forwarded their findings to the Assessing Officer, for assessment on the basis of such findings.



The Company received a Notice dated July 6, 2009 under the provisions of section 153A of the Income Tax Act, 1961 wherein it was inter-alia directed to file a true and correct return of total income in respect to AY 2003 - 04, AY 2004 - 05, AY 2005 - 06, AY 2006 - 07, AY 2007 - 08 and AY 2008 - 09. In response to the Notice, the Company vide several letters all dated August 14, 2009 filed the acknowledged copy of the returns filed for AY 2003-04 to AY 2008-09. The Income Tax Authorities have examined the records / documents taken into their custody and statements recorded during the course of the raid and have forwarded their findings to the Assessing Officer, for assessment on the basis of such findings.

The Assessing Officer issued a Notice dated August 28, 2009 under section 143(2) of the Income tax Act, 1961 requiring the Company through its authorized representative to be present on September 15, 2009. The Company vide its letter dated October 14, 2009 requested the proceedings under section 143(2) be dropped since the Notice under section 153A was already issued in the matter. On October 1, 2009 the Company received another Notice under section 142(1) and 143(2) of the Income Tax Act, 1961 wherein the Assessing Officer inter-alia required the Company to furnish the information specified in the prescribed format by October 19, 2009. The Company vide its letter dated October 20, 2009, sought an adjournment of the hearing and requested for a fresh date of hearing in the matter. After submitting the letter dated October 20, 2009 with the Assessing officer, the Company was informed by the Assessing Officer to be present for a hearing on April 6, 2010. The Company vide its letter dated April 6, 2010 sought adjournment of the hearing and requested another date of hearing. The Company vide its letters dated April 15, 2010 and April 23, 2010 filed part information in response to the Notice issued under section 142(1)/143(2) of the Income Tax Act, 1961 for the AY 2003-04 to AY 2008-09.

The Assessing Officer issued a Notice dated June 18, 2010 under section 142(1) to the Company amongst others for the AY 2009-10 requiring it to prepare the return of income and to produce the information so prescribed in the Notice before him on June 28, 2010. Further the Assessing Officer issued another Notice dated June 21, 2010 under section 143(2) for the AY 2009-10, sought information in respect to the return of Income filed and directed to produce the same during the hearing granted before him on June 28, 2010. In response, the Company vide its letter dated June 28, 2010 sought extension of time to file the information sought and requested for another date of hearing.

The Assessing Officer issued a letter dated on July 7, 2010 to the Company amongst others which was received by the Company only on July 9, 2010. Vide the said letter the Assessing Officer has sought explanation for the loose papers/other incriminating material found & ceased /impounded during the search/survey carried on February 9, 2009. Further, the letter requires the Company to submit the explanations sought within 7 days of the receipt of the said letter failing which the assessment would be completed based on the material available on record.

The search & seizure proceedings initiated against 26 persons include the Company as well. The said 26 entities also include certain promoters and group entities of the Company. As informed by the Company the assessment proceedings for the respective assessment years are in progress, however the tax liability if any, which may arise on this account, is presently unascertainable.

For further details please refer the section titled 'Outstanding Litigations, Material Developments and Other Disclosures' appearing on page no. 170 of this Offer Document.

3. Contingent liabilities not provided for, which if materializes may have an adverse affect on our financial condition and future financial performance.

The contingent liabilities not provided for as on March 31, 2010 are as follows:

Particulars	Amount (Rs. in lacs)
Guarantees given by the bankers of the Company	142.75
Sales Tax demands disputed in Appeals	39.26
Letters of Credit opened by the Bankers of the Company	4,019.21
Total	4,201.22



In the event, any of the above contingent liabilities materialize it may have an adverse affect on our financial condition and future financial performance. For further details please refer Annexure XIII of Auditors Report appearing on page. 149 of this Prospectus.

4. *We have experienced a negative Operating Cash Flow from activities in the Financial Year 2008-09, 2007-08, 2006-07 and 2005-06.*

We have reported a negative operating cash flow from activities for the Financial year 2008-09, 2007-08, 2006-07 and 2005-06 to the tune of Rs. 1,205.58 lacs, Rs. 3,034.38 Lacs, Rs. 536.49 Lacs and Rs. 38.79 Lacs respectively, as per the audited financial statements for the respective years.

For further details please refer Annexure - III of Auditors Report appearing on page. 118 of this Prospectus.

5. *The Project has not been appraised by any Bank or Financial Institution. Any significant deviation in the project cost could adversely impact our operations and sustainability in absence of any independent monitoring agency.*

The proposed project for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that our estimates will prove to be accurate and any significant deviation in the project cost could adversely impact our operations and sustainability, in the absence of any independent monitoring agency.

Management Proposal

Even though the proposed project for which the funds are being raised has not been appraised by the Bank or financial institution, the Bankers of the Company after due appraisal have sanctioned part of the term loan and also a part of the working capital for the first phase of the expansion project.

6. *We have not yet placed orders for part of the plant & machinery and equipment requirements for our proposed project, as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment, etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, leading to our project facing time and cost over-run which could have an adverse affect on our future costs, revenue and profitability.*

We propose to purchase plant & machinery worth Rs. 3367.46 Lacs and other fixed assets worth Rs. 168.00 Lacs from the proceeds of this Issue. Out of which we have procured plant & Machineries worth Rs. 1952.81 Lacs and other fixed assets worth Rs. 114.00 Lacs. We have not yet placed orders for the balance plant & machinery worth Rs. 1270.62 lacs and other fixed assets worth Rs. 54.00 Lacs; as specified in the section 'Objects of the Issue'. There are various steps involved in procuring the plant and machinery. Though all the steps are not critical, the same includes identifying the supplier, obtaining quotations from supplier, finalizing the suppliers placing order for the plant and machinery and following up for delivery and installation of the machinery at the factory site. The constraints involved in the process include the facts that in case of delay in finalizing the supplier, the rates of the equipment may vary which may affect the cost. There might also be a delay in supply of equipment which can hamper the schedule of implementation which may adversely impact the financials of the Company. Any delay in procurement of plant & machinery, equipment, etc may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of plant & machinery and other equipments that we require. Hence our project could face time and cost over-run which could have an adverse affect on the operations of our Company. Further, our working capital requirements based on proposed expansion have not tied-up. Since the company is an already existing company, with its past experience no risk in expected to be involved in any of the steps as stated above.



Management Proposal

The Company has already constructed the major part of the factory shed and has also procured most of the plant & machinery, hence there is a very remote possibility for any delay in the implementation schedule.

7. *We are dependent on our management team for success whose loss could seriously impair our ability to continue to manage and expand business efficiently. The loss of service of the senior management could seriously impair the ability to continue to manage and expand the business efficiently.*

Our success largely depends on the continued services and performance of our management and other key employees. The loss of service of the senior management could seriously impair the ability to continue to manage and expand the business efficiently. As estimated by the management, the attrition rate in the industry in which the Company operates is about 30%. The attrition rate in the Company during 2009-10 was around 15% at Umbergaon factory & 7% at Silvassa factory.

Management Proposal

We are in the business of manufacturing Stainless Steel tubes and pipes for over a decade and hence have complete control and full experience to retain the management team and have not encountered any such problem. In order to discourage the attrition, we have developed a retention policy, which is as detailed below:

We have has a professional set-up and a competent human resources division. We constantly attempt to devise employee-friendly policies to enable a sound human resource policy to take shape and retain our key management personnel and talent. We encourage our employees to participate and get involved in major decision making process of the Company. We provide regular learning and training to employees in their respective departments and also inform them of any development/ updates happening in the field in which they operate. To encourage regular participation and performance we organize performance base rewards to employees. We also provides a safe and a congenial working practice and environment. We have insured our selected employees through group insurance policies, for details pertaining Insurance policies espoused by us please refer the section titled 'Insurance' appearing on page no. 73 of this Offer Document. Further, We have also reserved 1,00,000 equity shares in the Public Issue for our employees to enable the employees to participate actively in the issue and be a shareholder in the company.

8. *Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse affect on our business, financial condition and results of operations.*

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above. During the past the production of the Company was affected due to failure or breakdown of one or more equipments for few hours for 25 days in the Financial Year 2009-10 resulting into production loss of about 52 MT. Further production also suffered due to power failure for 5 days in the Financial Year 2009-10 resulting in the production loss of about 21 MT.

9. *We do not currently own the premises at which our registered office and warehouse is located, as the same is on lease arrangement. As a result we may face problem of relocation in case of termination of lease and may incur higher costs.*

The premises at which our registered office and warehouse is located is not owned by us. We have lease arrangement with Ashok M Seth (HUF) & Mr. Kamal P Kanugo for the registered office premises and we pay



rent for the occupation of the premises. The lease is valid upto 31/07/2012. Further, we have lease arrangement with Mr. Prakash C Kanugo for the warehouse premises and we pay rent for the occupation of the premises. The lease is valid upto 31/07/2012. The lease may be renewed subject to mutual consent of the lessor and us. In the event that the lessor requires us to vacate the premises, we will have to seek 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 business or increase our operating costs.

10. *Our application for registration of trade marks as given herein under, are still pending for registration in case the trademarks currently used by the Company are not registered in the name of the Company it may be susceptible to be used by any third parties which may affect the business. Further, the application for registration of trade marks have been opposed. We may have to incur significant cost and spend time in litigations in relation to these oppositions. Further, the Company has made an application for the license under Contract Labour (Regulation and Abolition) Act, 1970 at the Umbergaon unit and the same is yet to be received, non receipt of the same may affect our business.*

1. The trade marks which are yet to receive final registration, for which provisional registration has been obtained by us from the Trade Mark Registry under Trade Marks Act, 1999 are as follows:

Sr. No.	Provisional No.	Date of Application	Trade Mark Name	Class in respect of which application has been made
1.	1844849	28/07/2009	Logo of the Company	6
2.	1844850	28/07/2009	Name 'Prakash Steelage Limited'	6

In case the trademarks currently used by the Company are not registered in the name of the Company it may be susceptible to be used by any third parties which may affect the business.

The Company has received a communication dated July 5, 2010 from the office of Registrar of Trade Marks, Mumbai informing them about the receipt of the following Notices of Opposition to the application filed by the Company for registration of mark "Prakash Steelage Limited" filed under Application No. 1638478 in class 6. We may have to incur significant cost and spend time in litigations in relation to these oppositions:

- a. Surya Roshni Limited, having its Registered Office at Prakash Nagar, Sankhol, Bahadurgarh 124 507 have filed their Notice of Opposition inter-alia stating that the words "Prakash" has been associated with Surya Roshni Limited and that there are registered or pending Trade Marks of similar and identical nature, description and classification belonging to Surya Roshini Limited;
 - b. Prakash Industries Limited having its office at Business Park Building, 25, Najafgarh Road, New Delhi 110 015, have filed their Notice of Opposition inter-alia stating that since 1980 they have been using the trademark "Prakash" and Prakash Gold". Further it has been stated in the Notice of Opposition that "Prakash" is registered under the provisions of the Copyright Act, 1957 by Prakash Industries Limited.
2. License No. ACL/VAL/CLL 1 28/2008 issued by the Licensing Officer, Contract Labour (Regulation and Abolition) Act, 1970, Valsad, dated May 22, 2005 was valid until May 30, 2010. The Company that vide its letter dated July 1, 2010, it has applied for a fresh license to the said authority and the same is pending approval non receipt of the same may affect our business.

For further details please refer to the section "Government/Statutory and Business Approvals" appearing on page. 189 of this Prospectus.

11. *Unsecured loans taken by us can be recalled by the lenders at any time, which may affect our business and financial condition.*

As on March 31, 2010 we have outstanding unsecured loans to the extent of Rs. 4280.50 lacs which has been taken in a normal course of business. Such unsecured loans may be recalled by the lenders at any time which may affect our business and financial condition.

Management Proposal

All our unsecured loans are accepted under an agreement with a fixed period of repayment and hence we do not anticipate any such possibility.



- 12. *There are restrictive covenants in the agreements with the Banks/ Institutions from whom we have borrowed, which among other things, require the Company to obtain prior permission from them for certain acts which may limit Company's discretion in these matters.***

There are restrictive covenants in the agreements with the Banks/ Institutions from whom we have borrowed, which among other things require the Company to obtain prior permission from them for change in Management, declaring dividend and undertaking of new project etc. which may limit Company's discretion in these matters. Brief details of the restrictive covenants mentioned in the Loan Agreements are as follows:

- (a) So long as the cash credit account or accounts continue in the books of the banks in respect of the facilities, the Borrower not to avail any credit facility from any other Bank or Financial Institution or any person, firm or company, without the previous permission in writing of the Banks.
 - (b) Without obtaining prior written consent of the Banks, the Borrower during the currency of the facilities, not to declare any dividend on its share capital, if it fails to meet its obligations to pay interest and/or commission or installments/or other monies payable to the banks.
 - (c) During the currency of the facilities, the Borrower shall not, without the prior permission in writing of the Lead Bank:
 - Affect any change in the Borrower's capital structure
 - Formulate any scheme of amalgamation or reconstruction.
 - Implement any scheme of expansion/diversification/modification other than incurring routine capital expenditure.
 - Make any corporate investments by way of share capital or debentures or lend or advance funds or place deposit with any other concern except give normal trade credits or make advances to employees.
 - Undertake guarantee obligations on behalf of any third party or any other company.
- 13. *Some of our group concerns/ entities are also engaged in the trading of stainless steel products which could lead to a conflict of interest. The operations and financials of our Company may be negatively affected, in case these group companies provide any competitive services or expand their presence in the business in which we are already present or offer services to companies in direct competition with us.***

Some of our group concerns/ entities are engaged in the trading of stainless steel products, manufactured by other companies which could lead to a conflict of interest. There is no assurance that the Group Companies will not provide competitive services or expand their presence in the business in which we are already present or offer services to companies in direct competition with us. However none of these companies are having any manufacturing facilities hence to that extent there is no conflict of interest.

EXTERNAL RISK FACTORS

- 14. *Foreign currency volatility may adversely impact our financial condition.***

As a result of exports we are exposed to foreign currency fluctuations in respect of proceeds received in various foreign currencies. Major customers of the Company are located in Europe and USA. The Company had made an export of Rs. 2846.80Lacs as compared to a net sales of Rs. 43710.38Lacs for the Financial Year 2009-10. The fluctuation in the exchange rate between the rupee and other currencies, including the U.S. Dollar, the British Pound Sterling, the Euro etc. may adversely impact the financials of the Company.

- 15. *Disruption in services of third party transport providers may affect our business operations.***

Our Company is dependent on third-party transport providers for the supply of raw materials to our manufacturing units and delivery of our products to our customers. Transport strikes by members of various Indian truckers' unions have taken place in the past, and could take place in future, thereby causing an adverse affect on our timely receipt of supplies of raw materials and our ability to deliver our finished products to our customers on time, thereby adversely impacting our business. Further, any increase in oil prices, may lead to the increase in the transportation cost resulting in an adverse impact on our profitability.



Though there were no frequent transport strike, two incidences of such strike from 02/07/2008 to 04/07/2008 (3 days) and from 05/01/2009 to 12/01/2009 (7 days) had affected the dispatches of the Company, adversely. Company's total transportation cost per annum is about Rs. 200 Lacs and the impact of any increase in the cost of transportation, though the same may not be very significant.

16. *Competition from other domestic producers / unorganized sector may adversely affect our competitive position and our profitability as some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively.*

We face competition from other existing domestic producers and potential entrants to the industry in which we operate that may adversely affect our competitive position and our profitability. We face competition from organized as well as unorganized players. Specific details pertaining to its competitors and data pertaining to present position in respect of the market share are not available from any authenticated source.

Loss of market share and competition may adversely affect our profitability. We also face competition for customers from other players in the organized and unorganized markets. We expect competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively.

17. *Environmental regulation imposes additional costs and may affect the results of our operations.*

We, like other producers, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination. These laws and regulations are increasingly becoming stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. These laws can impose liability for non-compliance with health and safety regulations or clean up liability on generators of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities.

Management Proposal

While we believe that our facilities are 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.

As regards steps taken by us to address environmental concerns such as emissions, waste water discharges, solid and hazardous waste handling, the Company has already obtained consents under Water Act and Air Act from the Member Secretary Pollution Control Committee, certificate for occupational Health and Safety Management System in compliance with standard BS OHSAS 18001:2007 with respect to the Umbergaon Unit, issued by RINA, certificate for Environmental Management System to be in compliance with ISO 14001:2004 to the Umbergaon Unit, issued by RINA, certificate for Quality Management System to be in compliance with ISO 9001:2008 with respect to the Umbergaon and Silvassa Unit, issued by RINA. These consents/ certificates are granted by the authorities, based on the Company fulfilling the criteria's mentioned by the authorities.

We have won a Good house keeping competition by Directorate of Industries safety & health, Government of Gujarat. Further, we have installed Effluent Treatment Plant for the proper disposal of solid and hazardous wastes.

18. *Our business is affected by price volatility, which is largely the result of high fixed costs characteristic of the industry. This may have an affect on the profitability of the Company.*

The main raw material component in stainless steel industry are nickel and chromium which are subject to high price fluctuations. The result can be substantial price volatility. While we have taken steps to reduce operating costs, we may be negatively affected by significant price volatility, particularly in the event of



excess production capacity in the global stainless steel market, and incur operating losses as a result. Below are fluctuations in the prices of Nickel and Chromium in the recent past:

LME Nickel 3MO (\$) commodity

(in USD per MT)

Month	High	Low	Close
April 2010	27290	24720	25400
March 2010	24995	21295	24995
February 2010	21175	17050	21175
January 2010	19215	17700	18500
December 2009	19200	16000	18525
November 2009	18060	16085	16400
October 2009	19740	17285	18250
September 2009	18250	16640	17895
August 2009	20605	18755	19030
July 2009	17950	14490	17950
June 2009	15800	14205	15375
May 2009	13945	11900	13945

(Source: Bloomberg)

Chrome 99.00%

(in USD per MT)

Period	Type	Price (China/Russia)
April 2010	Chrome 99.00%	10700
March 2010	Chrome 99.00%	10700
February 2010	Chrome 99.00%	10700
January 2010	Chrome 99.00%	8250/8450
December 2009	Chrome 99.00%	8100
November 2009	Chrome 99.00%	8100/8300
October 2009	Chrome 99.00%	8000/8200
September 2009	Chrome 99.00%	8000/8200
August 2009	Chrome 99.00%	8050/8150
July 2009	Chrome 99.00%	7000/7500
June 2009	Chrome 99.00%	7800/8100
May 2009	Chrome 99.00%	7000/8000
April 2009	Chrome 99.00%	7000/8000

(Source: www.emecklai.com)

19. *A slowdown in economic growth in India could materially and adversely affect the Company's results of operations and financial condition. Further, any natural calamities could have a negative impact on the Indian economy and cause the business to suffer.*

Our performance and the quality and growth of our business are dependent on the health of the overall Indian economy. We supply our products to Companies engaged in various segments or industry which include Pesticides, Food items and sugar. Many of these industries are directly dependent on the performance of the Agricultural sector. There have been periods of slowdown in the economic growth of India during the 1990s. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of rainfall during the monsoon season and is therefore difficult to predict. A negative performance of the Agricultural sector will adversely impact the business of the said industries which in turn may affect the business of the issuer company to a certain extent. Further, agriculture is one of the strongholds of the Indian economy and accounts for 15.7 per cent of the country's gross domestic product (GDP) in 2008-09 (Source: www.ibef.org/economy/agriculture.aspx). Hence the Indian economy is largely driven by the performance of the agriculture sector. A slow down in the Indian Economy will have a negative impact on the manufacturing sector which would including steel/stainless steel.



Further, India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an adverse impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect the business and the market price of our Equity Shares.

20. *Changes in Indian Government policies could adversely affect economic conditions in India, and thereby adversely impact our results of operations and financial condition.*

The market price and liquidity of the equity shares, may be affected by Indian Government's policy changes in India. For example, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and us in particular. The Indian Government has in recent years sought to implement economic reforms, and the current Indian Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Indian Governments. For example, the Indian Government has announced its general intention to continue India's current economic and financial sector deregulation policies and encourage infrastructure projects. However, the roles of the Indian Government and the State Governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our results of operations and financial condition in particular.

21. *Global economic, political and social conditions may harm our ability to do business, increase its costs and negatively affect the stock price.*

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase its costs and negatively affect our stock price. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain its ability to do business, increase its costs and negatively affect our stock price.

22. *Any downgrade of India's sovereign debt rating by an international rating agency could have a negative impact on our results of operations and financial condition.*

Any downgrade of India's credit rating for Indian domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on our ability to obtain financing to fund its growth on favorable terms or at all and, as a result, could have a material adverse effect on our results of operations and financial condition.

23. *The price of our Equity Shares may be highly volatile, or an active trading market for its equity shares may not develop.*

The price of our Equity Shares on the Indian Stock Exchange may fluctuate as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of the competitors;
- Adverse media reports, if any, on PSL or the Industry;
- Changes in the estimates of our performance or recommendations by financial analysts on our Company;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's Fiscal and environmental regulations.
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.



There can be no assurance that an active trading market for our equity shares will develop or be sustained after this Issue or the price at which the Equity Shares of our Company are initially traded will correspond to the prices at which the Equity Shares of our Company will trade in the market subsequent to this Issue.

Prominent Notes

1. The net worth of PSL as per its audited restated financial statement as on March 31, 2010 is Rs. 5087.63 lacs.
2. Book value, per equity share of the Company as per its audited restated financial statement as at March 31, 2010 is Rs. 45.22.
3. The average cost of acquisition of the equity Shares of Rs. 10/- each by the Promoter are as under:

Name of the Promoter	Cost per share (Rs.)
Mr. Prakash C. Kanugo	11.39
Mr. Ashok M. Seth	2.79

4. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 36 of this Prospectus before making an investment in the Issue.
5. Except as mentioned in the sections titled "Capital Structure" beginning on page 22 of this Prospectus, we have not issued any Equity Shares in the last twelve months.
6. For details on Related Party Transactions refer to the section titled "Related Party Transactions" on page 154 of this Prospectus.
7. Investors are free to contact the BRLM for any complaints, clarification or information pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Prospectus.
8. All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
9. In addition to the BRLM, the Company shall be obliged to update the Offer Document and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
10. For interest of promoters/directors, please refer to the section titled "Promoters / Principal shareholders" beginning on page no. 99 of this Prospectus.

PART I

SECTION II - INTRODUCTION

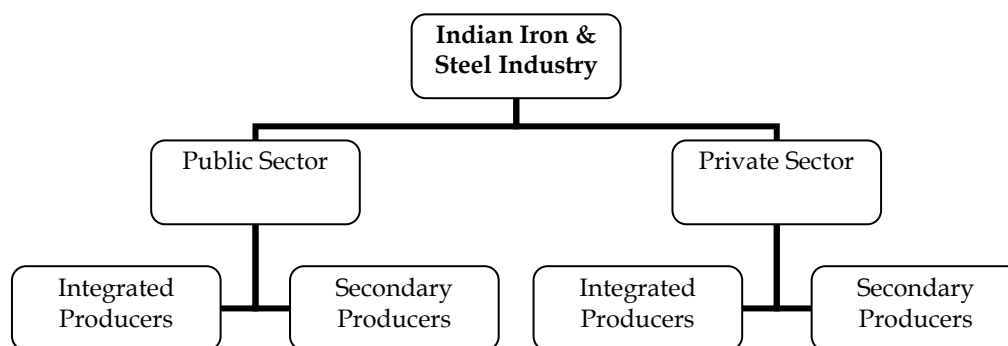
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Summary of the Industry and Business of the Company

Industry Overview

Industry Structure

Indian Iron and steel Industry can be divided into two main sectors **Public sector and Private sector**. Further on the basis of routes of production, the Indian steel industry can be divided into two types of producers.



Integrated producers

These are steel plants that convert iron ore into steel. There are three major integrated steel players in India, namely Steel Authority of India Limited (SAIL), Tata Iron and Steel Company Limited (TISCO) and Rashtriya Ispat Nigam Limited (RINL).

Secondary producers

These are the major steel plants (MSPs), which make steel by melting scrap or sponge iron or a mixture of the two. Essar Steel Ltd., Ispat Industries Limited and Lloyds Steel Industries Limited are the largest producers of steel through the secondary route.

Market

The Indian steel industry entered into a new development stage from 2005-06, resulting in India becoming the 5th largest producer of steel globally. Producing about 53 million tonnes (MT) of steel a year, today India accounts for a little over 7 per cent of the world's total production. India is the only country worldwide to post a positive overall growth in crude steel production at 1.01 per cent for the January-March period of 2009. The recovery in steel production has been aided by the improved sales performance of steel companies. (Source: Indian Brand Equity Foundation: Industry - Steel, www.ibef.org)

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 tonnes by 2019-2020. It has been assessed that, on a 'most likely scenario' basis, the steel production capacity in the country by the year 2011-2012 will be nearly 124 million tonnes. The table below shows



the trend in production for sale, import, export and consumption of total finished steel (alloy + non-alloy) in the country during the last six years:

Year	('000 tonnes)			
	Production for sale	Import	Export	Consumption
2003-04	40,709	1,753	5,207	33,119
2004-05	43,513	2,293	4,705	36,377
2005-06	46,566	4,305	4,801	41,433
2006-07	52,529	4,927	5,242	46,783
2007-08	56,075	7,029	5,077	52,125
2008-09	56,393	5,775	3,750	51,850

(Source: Ministry of Steel: Annual Report 2008-09)

Crude steel production has shown a sustained rise since 2003-04 along with capacity. Data on crude steel production, capacity and capacity utilisation is given in the table below:

Year	Capacity ('000 tonnes)	Production ('000 tonnes)	Capacity Utilization (%)
2003-04	43,910	38,727	88
2004-05	47,995	43,437	91
2005-06	51,171	46,460	91
2006-07	56,843	50,817	89
2007-08	59,845	53,857	91
2008-09	64,400*	54,520	85

* 3 million tonne capacity added in December 2008

(Source: Ministry of Steel: Annual Report 2008-09)

The following table highlights the total as also the contribution of the private and public sector in crude steel production in the country:

Particulars	(in million tonnes)				
	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
Public Sector	15.912	16.964	17.003	17.091	16.374
Private sector	27.525	29.496	33.814	36.766	38.146
Total Production	43.437	46.460	50.817	53.857	54.520
% share of public sector	36.6%	36.5%	33.5%	32%	30%

(Source: Ministry of Steel: Annual Report 2008-09)

- The growth was driven by capacity expansion from 43.91 million tonnes per annum (MTPA) in 2003-04 to 64.4 MTPA in 2008-09.
- Crude steel production grew at more than 8.16% annually from 38.72 million tonnes in 2003-04 to 54.52 million tonnes in 2008-09.
- Production of finished steel at 56.39 million tonnes during 2008-09 as against 40.71 million tonnes in 2003-04 at average annual growth rate of 7.7%.
- With growth in production for sale lagging behind consumption growth, India has turned into a net importer of finished steel in 2008-09. Exports also declined to ensure greater domestic availability. (Source: Ministry of Steel: Annual Report 2008-09)

Stainless steel pipe and tubing

Stainless steels are iron-based alloys usually containing at least 11.5% chromium. Other elements, nickel being the most important, may be added in combination with chromium to obtain special properties. Stainless steels are highly resistant to corrosive attack and to oxidation at high temperatures. In general, resistance to corrosion and oxidation increases progressively, though not proportionately, with the increase in chromium content.



Stainless steel pipe and tubing are used for a variety of reasons: to resist corrosion and oxidation, to resist high temperatures, for cleanliness and low maintenance costs, and to maintain the purity of materials which come in contact with stainless. The inherent characteristics of stainless steel permit the design of thin wall piping systems without fear of early failure due to corrosion. The use of fusion welding to join such piping eliminates the need for threading.

Type 304 stainless is the most widely used analysis for general corrosive resistant tubing and pipe applications, it is used in chemical plants, refineries, paper mills, and food processing industries. Type 304 has a maximum carbon content of .08%. It is not recommended for use in the temperature range between 800°F and 1650°F due to carbide precipitation at the grain boundaries which can result in inter-granular corrosion and early failure under certain conditions.

Type 304L is the same as 304 except that a 0.03% maximum carbon content is maintained which precludes carbon precipitation and permits the use of this analysis in welded assemblies under more severe corrosive conditions. Type 318 is much more resistant to pitting than other chromium nickel alloys due to the addition of 2% to 3% molybdenum. It is particularly valuable wherever acids, brines, sulphur water, seawater or halogen salts are encountered. Type 316 is widely used in the sulphite paper industry and for manufacturing chemical plant apparatus, photographic equipment, and plastics.

Type 316L, like 304L, is held to a maximum carbon content of 0.03%. This permits its use in welded assemblies without the need of final heat treatment. It is used extensively for pipe assemblies with welded fitting.

Other fields where stainless steel pipe and tubing are used are: aviation, electronics, automotive, cryogenic, marine, air conditioning and heating, medical, architectural and textiles. In India manufacturing of Stainless Steel Welded pipes started in 1971, in 1981 the manufacturing of seamless tubes was initiated and in 1993 manufacturing of hot finish hollows was started.

The global size of stainless steel is approximately 28 million tones, while the domestic size of stainless steel is 2 million tones in India. (Source: http://www.indpipe.com/images/PDF/stainless_steel_pipe_specification.pdf, <http://www.metal-supply.com/portal-b2b/article/view.html?id=45963>, <http://www.stainlessindia.org/Upload/Pdf/DUBAI.pdf>)

Categorywise production for sale of finished steel (non-alloy) for 2008-09

(‘000 tonnes)

Category	2007-08				2008-09 (Prov.)			
	M.P.	Others	IPT/OC	Total	M.P.	Others	IPT/OC	Total
Non-Flat Products								
Bars & Rods	5,313	14,875	-	20,188	5,186	15,500	-	20,686
Structurals/Special Sections	1,003	4,040	-	5,043	935	4,210	-	5,145
Rails & Railway Materials	951	135	-	1,086	1,012	165	-	1,177
Total (Non-flat product)	7,267	19,050	-	26,317	7,133	19,875	-	27,008
Flat Products								
Plates	2,688	1,369	-	4,057	2,498	1,495	-	3,993
H R Coils/Skelp/ Strips	4,707	8,977	2,010	11,674	4,577	9,730	3,300	11,007
H R Sheets	302	455	-	757	277	315	-	592
C R Coils/Sheets/ Strips	1,891	5,560	3,012	4,439	1,657	5,145	2,200	4,602
GP/GC Sheets	729	3,652	-	4,381	711	3,870	-	4,581
Electric Sheet	81	78	-	159	71	92	-	163
Tin Plates	15	168	-	183	19	193	-	212
T M B P	-	6	-	6	-	-	-	-
Tin Free Steel	-	-	-	-	-	-	-	-



Category	2007-08				2008-09 (Prov.)			
	M.P.	Others	IPT/OC	Total	M.P.	Others	IPT/OC	Total
Total (Flat Products)	10,413	20,265	5,022	25,656	9,810	20,840	5,500	25,150
Pipes (Large diagonal)								
3. Pipes (Large diagonal)	85	1,250	-	1,335	77	1,285	-	1,362
Total (Fin. Carbon Steel)	17,765	40,565	5,022	53,308	17,020	42,000	5,500	53,520

. (Source: Ministry of Steel: Annual Report 2008-09)

Per Capita Consumption of Stainless Steel in India and other countries is given in the table below:

Countries	2008-2009
India	1.2 kg
China	6 kg
Japan	16 kg
Germany	21 kg
South Korea	24.6 kg
Italy	30 kg

(Source: <http://www.indiapages.in/INDINOX.htm>)

The above figures shows that the per capita consumption in India which is 1.2 kg as compared to China's 6 kg and Italy's 30 kg has great potential for growth in future. Thus it is obvious that India will be having great demand in future in Stainless Steel products to fill up the per capita gap.

Industry Outlook

The benefit of Stainless Steel is quite evident and now there is increasing awareness of the product. Apart from good demand in existing industrial use, there is a shift from using MS steel pipe and copper pipe to using Stainless steel. Many new areas are also adding to demand for example, in plumbing also builder has started using stainless steel pipe. Projections for 2010 to 2015 suggest a 4.2% annual growth in world wide stainless steel demand, with growth reaching 7.7% per year for India and 6.2% per year for China during the same period.. There is increasing use of Stainless Steel pipe in Automobile, Interior Decoration, Railway Coaches, Shopping Malls and Multiplexes. For the last few years, Stainless Steel industry has been witnessing a boom period. Global demand for Stainless Steel has become very strong. In India too because of so many infrastructural projects and vast expansion of construction activities coming up, demand for Stainless Steel Welded & Seamless Pipes & tubes is very strong. The growth in infrastructure segment by the Government/Public/Private not only in India but across the world is the major demand driver for this segment (Source: <http://www.indiapages.in/INDINOX.htm>)

Total Consumption of Stainless Steel Seamless and Welded Pipes in India and other countries is given in the table below:

Countries	2008-2009 (metric tonnes)
India	145,000 MT
US	245,000 MT
China	600,000 MT
Japan	320,000 MT
Europe	560,000 MT

(Sources : Mindsight Consulting – Research Agency)



Business Overview

Prakash Steelage Limited ('PSL') was incorporated on 09/05/1991 vide Certificate of Incorporation no. 11-61595 of 1991 issued by the Registrar of Companies, Maharashtra. PSL is a flagship company of Prakash Group. We are engaged in the manufacturing of seamless & welded stainless steel Pipes, Tubes and U-tubes. We carry our production through our two state-of-the-art production units situated at Silvasa and Umbergaon (Gujarat) with total installed production capacity of 12200 MTPA.

We are an ISO 9001: 2008 & PED certified Company. We are also a "Govt. Recognized Star Export House" exporting to several MNC's into more than 40 countries across the Globe. To meet the increasing demand, we propose a backward integration cum expansion of manufacturing facilities at our existing unit in Umbergaon.

We started with a capacity of 4,000 MTPA in the year 1996, increased our capacity to 12,200 MTPA in the year 2007 by setting up our new state of the art plant in Umbergaon. Going ahead further we have also added another 3,400 MTPA making the total to 15,600 MTPA out of the proposed expansion plan.

Competitive Strengths

We are into the business of manufacturing stainless steel welded & seamless pipes and tubes. We are an ISO 9001-2008 certified Company, with a legacy of over 19 years of presence in the industry. We believe that following are our principal competitive strengths:-

- 1. Strong management Team:** Our Company is managed by a team of professionals led by the Chairman & Managing Director Mr. Prakash C. Kanugo. The promoter and the senior management team of our Company have significant industry experience and have been instrumental in the consistent growth of the Company's income and operations. For further details on education, experience and other details of our Management and our Key Managerial Personnel please refer page no 85 & 96, respectively.
- 2. Relationship with established players in industry:** Our customer base includes a diverse set of industries including Oil & Gas, Power, Pharmaceutical, Petrochemical, Sugar, Dairy, Automobile etc. Our products have found wide acceptance in the markets of North America, South East Asia, Africa, Middle-East and Europe. Our Top Ten client base based on the sales value of the products supplied to them for the year ended March 31, 2010 are BGR Energy Systems Limited, Bharat Heavy Electrical Ltd. Hyderabad, KBK Chemie Ltd., Chandan Steel Ltd., Kudos Chemie Ltd., Mojj Engineering Systems Ltd., Praj Industries Ltd., Steelage Overseas Private Ltd., Unitech Machine Ltd. and Top Honest INC. The Company is well poised to benefit from this strong relationship with the industry players enabling the Company to provide better services to its customers.
- 3. Multiple products:** The Company manufactures a wide range of products based on the customer specifications. This allows the Company to cater to the diverse demands of its customers and to consolidate and establish its presence across regions.
- 4. New Products in pipeline:** The Company plans to foray into Duplex, Super Duplex and Super Austenitic pipes / tubes (these are kind of pipes/ tubes distinguished on the basis of the materials used in it).
- 5. Selling and Distribution network:** We have gradually developed our selling and distribution network over a period of time. We have successfully developed an extensive clientele in sectors such as : Oil & Gas, Power, Pharmaceutical, Petrochemical, Sugar, Dairy, Automobile etc. We have developed our marketing network in various cities such as Ahmedabad, Delhi, Hyderabad, Chennai, Mumbai by appointing marketing personnel in the respective areas/states who are on the permanent rolls of the Company. The marketing team caters to the clients with timely delivery of products.



6. **Locational Advantages:** We have both our units situated at Silvasa and Umbergaon (Gujarat) which is well connected by road and rail and is in close proximity to JNPT port. This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.

Products

Prakash Steelage Ltd. specializes in meeting specific requirements of customers and offers complete solution for stainless steel welded & seamless pipes and tubes. The different products manufactured by the Company includes the following. The product varies depending on its type, shape and size.

- S.S. Welded Tubes
- S.S. Welded Pipes
- S.S. Efw Pipes
- S.S. Seamless Tubes
- S.S. Seamless Pipes
- Square
- U Bend Tubing
- S.S. Grades

Application of the products

The Stainless Steel Seamless and Welded Pipes and Tubes manufactured by the Company are useful in manufacturing of various segments such as:

Application in Industries	
Chemical & Fertilizers	Pulp & Paper
Pharmaceutical	Food
Railway Coaches	Petrochemical & Refinery
Refrigeration	Oil & Gas
Desalination	Sugar
Decorative	Automobile
Dairy	Power industries
Breweries	Synthetic Fibers
Pipe lines	Pesticides
Furniture Industry	Ornamental Industry

Application in Equipments	
Instrumentation	Evaporators
Heating Elements	Fluid Piping
Digesters	Exhaust Piping
Heat Exchangers	Pumps
Valves	Condensers

Export

We are a "Govt. Recognized Star Export House" exporting to several MNC's into more than 40 countries across the Globe. We do not have any export obligation but our products are exported to Countries round the globe. We export our products to Countries like North America, South East Asia, Africa, Middle-East and Europe. We enjoy credible relationship with Aminco China LLC (China), A. Hadi (Saudi Arabia), Bronswerk Heat Transfer BV Nijkerk, (Netherlands), CT Co. (Egypt), Cunado (Spain), Gea process engg. SPA., Ssna, LLC (USA), S.A.S, (Norway), Serck Service Ltd. (Dubai) and STI Ltd., (UK).



The major customers of the Company are located at Europe and USA. Given below are export figures for the last three years:

Year	Exports (Rs. in Lacs)	Net Sales (Rs. in Lacs)	Exports as a percentage to Net Sales (%)
2007-08	1392.82	21,943.84	6.35
2008-09	3354.34	29,064.76	11.54
2009-10	2846.80	43710.38	6.51

Client

Our Top Ten client base based on the sales value of the products supplied to them for the year ended March 31, 2010 are as follows:

- BGR Energy Systems Limited
- Bharat Heavy Electrical Ltd. Hyderabad
- KBK Chemie Ltd.
- Chandan Steel Ltd.
- Kudos Chemie Ltd.
- Mojj Engineering Systems Ltd.
- Praj Industries Ltd.
- Steelage Overseas Private Ltd.
- Unitech Machine Ltd.
- Top Honest INC.

Our top ten clients in the export market based on the sales value of the products supplied to them for the year ended March 31, 2010 are as follows:

- Aminco China LLC, China
- A. Hadi ,Saudi Arabia
- Bronswerk Heat Transfer BV, Nijkerk, Netherlands
- City Trade Co. Egypt
- Cunado, Spain
- Gea process engg. SPA.
- Salem Steel North America, L.L.C, USA
- S.A.S, Norway
- Serck Service Ltd., Dubai
- STI Ltd., UK

Business strategy

We are into the business of manufacturing stainless steel pipes & tubes for more than 19 years. Since inception, we have made efforts to place ourself in a competitive position in the industry by proactively responding to our customer requirements. We want to leverage our strength to our benefit in future so as to become an effective player in the steel industry tube industry. We wish to continue to supply our products to corporate houses, increase our market share in the industry, produce quality products at the competitive rates, adopt one of the best human resource practices and also secure various certifications for standards and quality improvement. We plan to boost our export in South East Asia and other Western countries by participating in trade fairs and exhibitions all over the World.

SUMMARY OF FINANCIAL DATA

Restated Summary Statement of Profits and Losses

(Rs. in Lacs)

Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
INCOME					
Sales-					
Of products manufactured	21,771.90	16,002.41	10,346.99	9,312.95	5,536.87
Of products traded	21,938.47	13,062.35	11,596.85	5,822.29	4,223.50
Net Sales	43,710.37	29,064.76	21,943.84	15,135.24	9,760.37
Export Incentives	148.25	142.13	58.85	82.08	106.18
Fluctuation Gain in Foreign Currency	199.98	-	36.53	7.93	-
Other Income	73.34	163.56	43.16	2.56	3.17
Increase/ (Decrease) in Stock	(293.34)	2,876.91	1,155.83	777.82	24.29
Total Income	43,838.60	32,247.36	23,238.20	16,005.63	9,894.02
EXPENDITURE :					
Purchases	21,526.08	13,693.02	11,922.85	6,333.42	4,054.06
Raw Material Consumed	15,047.57	13,565.90	8,406.70	8,338.06	5,076.40
Stores & Spares Consumed	856.53	559.82	313.01	188.73	170.93
Manufacturing & Other Expenses	555.09	265.57	219.51	85.11	76.59
Employees' Remuneration and Benefits	522.20	352.78	196.16	33.86	26.80
Administrative & Selling Expenses	816.74	698.16	390.62	270.55	170.26
Fluctuation Loss in Foreign Currency	-	655.50	-	-	16.26
Interest & Finance Charges	1,389.77	1,002.44	430.07	209.15	130.48
Depreciation	383.59	244.62	122.14	42.45	31.53
Total Expenditure	41,097.57	31,037.82	22,001.05	15,501.33	9,753.32
Restated Profit Before Tax	2,741.03	1,209.55	1,237.15	504.30	140.69
Provision for Tax					
Current Tax	890.00	271.95	217.50	187.00	59.16
Fringe Benefit Tax	-	17.29	11.00	5.20	5.16
Wealth Tax	0.48	0.63	0.40	0.04	-
Deferred Tax	68.36	182.71	187.87	(2.24)	(4.63)
Restated Profit After Tax for the year	1,782.19	736.97	820.38	314.30	81.00
Balance Brought Forward from last year	986.20	566.39	83.99	(15.61)	33.66
Profit Available For Appropriation	2,768.39	1,303.36	904.38	298.69	114.66
Appropriation					
Transfer to General reserve	300.00	200.00	200.00	125.00	125.00
Less: Adjustment for General reserve debited in 2008-09 for exchange fluctuation (Refer Note 2(i) of Annexure V (A))	-	-	(73.47)	-	-
Net Transfer to General reserve	300.00	200.00	126.53	125.00	125.00
Dividend Proposed	135.00	100.14	180.74	76.67	4.62



Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
Tax on Dividend	22.42	17.02	30.72	13.03	0.65
Total Appropriations	457.42	317.16	337.99	214.69	130.27
Balance Carried to Balance Sheet	2,310.97	986.20	566.39	83.99	(15.61)

Notes:

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.



Restated Summary Statement of Assets and Liabilities

(Rs. in Lacs)

	Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
A	FIXED ASSETS					
	Gross block	6,684.56	6,598.74	4,008.48	564.77	429.95
	Less: Accumulated Depreciation	1,021.32	645.21	400.59	278.45	234.47
	Net Block	5,663.24	5,953.53	3,607.89	286.32	195.48
	Add: Capital Work in Progress	581.20	23.36	-	1,777.00	44.61
	Total	6,244.44	5,976.89	3,607.89	2,063.32	240.08

B	CURRENT ASSETS LOANS & ADVANCES					
	Inventories	6,382.23	6,685.46	4,067.01	1,952.26	1,619.00
	Sundry Debtors	11,174.84	7,314.81	8,600.08	2,682.85	1,709.54
	Cash & Bank balances	946.28	491.72	272.95	337.63	130.28
	Other Current Assets	181.26	131.02	34.49	75.60	83.74
	Loans & Advances	4,082.71	2,491.40	1,500.66	671.82	180.00
	Total	22,767.32	17,114.41	14,475.18	5,720.16	3,722.55

C	LIABILITIES & PROVISIONS					
	Secured Loans	9,831.37	8,752.90	4,755.64	2,088.48	431.39
	Unsecured Loans	4,280.50	3,981.84	3,286.97	1,639.53	811.35
	Current Liabilities	8,736.62	6,205.21	7,193.34	2,885.76	2,203.49
	Provisions	624.38	259.11	257.41	136.80	42.46
	Deffered Tax Liabilities	451.26	382.90	200.19	12.32	14.56
	Total	23,924.13	19,581.97	15,693.55	6,762.88	3,503.24

D	Share Application Money	-	-	-	-	126.90
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	NET WORTH (A + B - C - D)	5,087.63	3,509.33	2,389.52	1,020.59	332.49
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E	Share Capital (Refer Note 2 given below)	1,125.00	1,125.00	1,000.00	810.00	23.10
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F	RESERVES & SURPLUS					
	General Reserve	753.13	453.13	253.13	126.60	325.00
	Share Premium Account (Refer Note 9 of Annexure V (B))	898.53	945.00	570.00	-	-
	Profit and Loss Account	2,310.97	986.20	566.39	83.99	(15.61)
	Total	3,962.63	2,384.32	1,389.52	210.59	309.39

	NET WORTH (E + F)	5,087.63	3,509.32	2,389.52	1,020.59	332.49
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Notes:

1. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV & V respectively.
2. The Company has issued 32,34,000 equity share of Rs.10 each fully paid up as bonus shares in the ratio of 14 bonus shares for every 1 share held on February 15, 2007 by capitalization of balance in General Reserve.



Restated Summary Statement of Cash Flows

(Rs. in Lacs)

	Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
A	CASH FLOW FROM OPERATING ACTIVITIES					
	Restated Net Profit Before Tax And Extraordinary Items	2,741.03	1,209.55	1,237.15	504.30	140.69
	Adjustment for:					
	Depreciation	383.59	244.62	122.14	42.45	31.53
	Preliminary Expenses Written Off	-	-	-	1.40	2.58
	Profit on Sale of Asset	(1.04)	-	-	-	0.06
	Loss on theft of Asset	0.17	-	-	-	-
	Share Issue Expenses	-	-	7.10	-	-
	Sundry Balances Written back / Off	(26.98)	13.92	2.25	-	3.79
	Interest received	(45.31)	(63.19)	(43.16)	(2.56)	(2.77)
	Interest and Finance Charges	1,389.77	1,002.44	430.07	209.15	130.48
	Operating Profit Before Working Capital Changes	4,441.22	2,407.34	1,755.54	754.74	306.36
	Adjustment for:					
	Inventories	303.23	(2,618.45)	(2,114.75)	(333.26)	(580.52)
	Trade & Other Receivables	(5,518.07)	172.59	(6,704.67)	(1,457.22)	(11.17)
	Trade Payables	2,617.48	(958.13)	4,262.92	679.82	290.91
	Cash Generated from Operations	1,843.87	(996.65)	(2,800.95)	(355.92)	5.57
	Direct Taxes Paid	(580.40)	(208.93)	(233.43)	(180.57)	(44.36)
	Net Cash From / (Used In) Operating Activities (A)	1,263.47	(1,205.58)	(3,034.38)	(536.49)	(38.79)
B	CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of Fixed Assets / Capital work-in-progress	(793.39)	(2,613.63)	(1,666.71)	(1,865.69)	(109.09)
	Sale of Assets	8.79	-	-	-	5.30
	Interest received	45.17	65.92	40.62	2.79	1.67
	Net Cash From / (Used In) Investing Activities (B)	(739.42)	(2,547.71)	(1,626.09)	(1,862.90)	(102.12)
C	CASH FLOW FROM FINANCING ACTIVITIES					
	Proceeds from Issue of Shares	-	500.00	760.00	463.50	-
	Proceeds/(Repayments)of Share Application Money	-	-	-	(126.90)	126.90
	Proceeds from Borrowings	1,511.45	4,692.13	4,314.60	2,485.27	207.90
	Share Issue Expenses	(46.47)	-	(7.10)	-	-
	Preliminary Expenses	-	-	-	(1.40)	(2.58)
	Interest and Finance Charges paid	(1,417.31)	(1,008.61)	(382.02)	(208.47)	(129.68)



Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
Dividend & Dividend tax paid	(117.16)	(211.46)	(89.69)	(5.27)	(5.27)
Net Cash from Financing Activities (C)	(69.48)	3,972.06	4,595.79	2,606.74	197.27
Net Increase / (Decrease) in Cash (A)+(B)+(C)	454.56	218.78	(64.68)	207.35	56.37
Cash and Cash equivalents at the begining of the year	491.72	272.95	337.63	130.28	73.91
Cash and Cash equivalents at the end of the year	946.28	491.72	272.95	337.63	130.28

Notes:

- 1.The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2.Negative figures have been shown in brackets.
- 3.The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.

THE ISSUE

Public Issue aggregating to Rs. 6875.00 lacs:	
Which comprises of fresh issue of	62,50,000 Equity Shares of Rs. 10/- each
Of which:	
Employee Reservation Portion	Up to 1,00,000 Equity Shares
Net Issue to the Public	61,50,000 Equity Shares
Of which:	
QIB Portion:	Upto 30,75,000 Equity Shares of Rs. 10/- each, constituting upto 50% of the Net Issue
<ul style="list-style-type: none"> Of which 5% is available for Allocation to Mutual Funds [the unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs] 	1,53,750 Equity Shares of Rs. 10/- each
<ul style="list-style-type: none"> Balance for all QIBs including Mutual Funds 	29,21,250 Equity Shares of Rs. 10/- each
Non- Institutional Portion:	Not less than 9,22,500 Equity Shares of Rs. 10/- each, constituting 15% of the Net Issue that will be available for allocation to Non-Institutional Bidders.
Retail Portion:	Not less than 21,52,500 Equity Shares of Rs. 10/- each constituting 35% of the Net Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue:	1,12,50,000 Equity Shares of Rs. 10/- each
Equity Shares outstanding post the Issue:	1,75,00,000 Equity Shares of Rs. 10/- each
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" on page 28 of this Prospectus for additional information.

Notes:

- Under subscription, if any, in the Qualified Institutional Buyer, Non Institutional and Retail portion would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLM.
- Under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the Net Issue and will be considered for allotment only on a proportionate basis.



GENERAL INFORMATION

INCORPORATION

Incorporated on 09/05/1991 under the Companies Act, 1956 as 'Prakash Steelage Private Limited' vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company was later converted into a public company and the name was changed to 'Prakash Steelage Limited', pursuant to a shareholders resolution dated 11/07/1997 and received a Certificate of Change of Name on 12/08/1997. The Corporate Identity Number of the Company is 'U27106MH1991PLC061595'

ADDRESS OF THE COMPANY

Registered & Corporate Office: 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai - 400 026; **Tel.:** +91-022-2352 6513 / 2352 6514 / 6613 4500; **Fax :** +91-022-23526576;
Website: www.prakashsteelage.com

Factory Unit - I Survey No. 46/1, Perjai Road, Village Kherdi, U.T. of Dadra & Nagar Haveli, Silvassa - 396 230 (India).

Factory Unit - II Plot No. 131/1, Umbergaon Sanjan Road, Umbergaon - 396171, Dist. Valsad - Gujarat (India).

ADDRESS OF REGISTRAR OF COMPANIES

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

BOARD OF DIRECTORS:

Our Board of Directors comprises of the following:

Sr. No	Name of the director	Designation	Status
1.	Mr. Prakash C. Kanugo	Chairman & Managing Director	Executive and Non- Independent
2.	Mr. Ashok M. Seth	Whole-time Director	Executive and Non- Independent
3.	Mr. Hemant P. Kanugo	Whole-time Director	Executive and Non- Independent
4.	Mr. Kamal P. Kanugo	Whole-time Director	Executive and Non- Independent
5.	Mr. Himanshu J. Thaker	Director	Non Executive and Independent
6.	Dr. Bipin C. Doshi	Director	Non Executive and Independent
7.	Mr. Mrinmoy Roy	Director	Non- Executive and Independent
8.	Mr. Gautam Chand Jain	Director	Non- Executive and Independent

For further details on the Board of Directors of our Company, please refer to the section titled "Management" beginning on page 85 of this Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Sarika Singh

Company Secretary & Compliance Officer

701, Mahalaxmi Chambers,

Bhulabhai Desai Road, Mumbai- 400026

Tel: 91-022-2352 6513 / 2352 6514 / 6613 4500;

Fax : +91-022- 2352 6576

E-mail: cs@prakashsteelage.com

LEGAL ADVISORS TO THE ISSUE

CORPORATE LAW CHAMBERS INDIA

Advocates

44A, Nariman Bhavan,
Nariman Point Mumbai – 400 021.
Tel : (022) 6632 1528/29, **Fax :** (022) 6632 1530
E mail: aysrinivasan@corplawchambers.com
Contact Person: Mr. A.Y. Srinivasan

BANKERS TO THE COMPANY

ICICI BANK

Backbay Reclamation,
Churchgate, Mumbai ;
Tel: +91- 022 – 3043 7335;
Fax: +91- 022-6653 8888;
Email: raj.dad@icicibank.com;
Contact Person: Mr. Raj Dad

BANK OF BARODA

Gulalwadi Branch,
Mumbai – 400 004
Tel: +91- 022 – 2242 3534;
Fax: +91- 022-2242 1659
Email: gulalw@bankofbaroda.com
Contact Person: Mr. Dinesh Seth

VIJAYA BANK

Overseas Branch,
Maker Chambers IV, Nariman Point
Mumbai – 400 021;
Tel: +91- 022 – 2204 5269;
Fax: +91- 022- 2204 5277;
Email: mum.oversea5043@vijayabank.co.in;
Contact Person: Mr. Umanath Shetty

THE ROYAL BANK OF SCOTLAND N.V.

Sakhar Bhawan, Nariman Point,
Mumbai.
Tel: +91- 022 – 6637 2447;
Fax: +91- 022 – 6637 2519
Email: sunil.dadhich@rbs.com
Contact Person: Mr. Sunil Dadhich

BOOK RUNNING LEAD MANAGER TO THE ISSUE

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,
5, J. N. Heredia Marg Ballard Estate,
Mumbai – 400 001.
Tel.: (022) 3026 6000; **Fax:** (022) 2269 4323
E-mail: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact person: Mr. Janardhan Wagle

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PVT. LTD.

E2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai – 400 072
Tel : +91 – 022- 4043 0200/2847 0652
Fax: + 91 – 022- 2847 5207
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
SEBI Regn No.: INR000001385
Contact Person: Mr. Babu Raphael



Investors 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 allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI BANK LIMITED

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel: (022) 66310311/66310312,
Fax: (022) 226 11138/66310350
Website: www.icicibank.com
E-mail: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan T A

AXIS BANK LIMITED

Court Chambers, 35, Sir V T Marg,
New Marine Lines, Mumbai-400020
Tel : (022) 2200 7705 /7716; **Fax :** (022) 2200 7703
Website: www.axisbank.com
E-mail: shiboli.khasnobis@axisbank.com
Contact Person: Ms. Shiboli Khasnobis

THE ROYAL BANK OF SCOTLAND N.V.

Brady House, 14 Veer Nariman Road,
Hornimon Circle, Fort,
Mumbai – 400 023
Tel : (022) 6658 5858 ; **Fax :** (022) 2204 2673
E-mail : dhanesh.bachawat@rbs.com/ manish.Bhatia@rbs.com
Website : www.rbs.in
Contact Person : Mr. Dhanesh Bachawat/ Mr. Manish Bhatia

SYNDICATE MEMBERS

KEYNOTE

KEYNOTE CAPITALS LIMITED

4th Floor Balmer Lawrie Bldg,
5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400 001
Tel : (022) 3026 6044 ; **Fax :** (022) 2269 4323
E-mail : kcl@keynoteindia.net
Website : www.keynoteindia.net
Contact Person : Mr. Ankur Mestry



SMC GLOBAL SECURITIES LIMITED

11 / 6B, Shanti Chamber,
Pusa Road, New Delhi – 110 005
Tel : (011) 3011 1000 ; **Fax :** (011) 2575 4365
Email : rakesh@smcindiaonline.com
Contact Person : Mr. Rakesh Gupta
Website : www.smcindiaonline.com

HDFC BANK LIMITED

FIG – OPS Department,
Lodha, IThink Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042.
Tel : (022) 3075 2928; **Fax :** (022) 2579 9801
Website: www.hdfcbank.com
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane

STANDARD CHARTERED BANK

207, D. N. Road, Fort,
Mumbai – 400 001
Tel: (022) 2268 3955; **Fax:** (022) 2209 2216
Website: www.standardchartered.co.in
E-mail: Joseph.George@sc.com
Contact Person: Mr. Joseph George



ENAM SECURITIES PVT. LTD.

801/ 802, Dalamal Tower,
Nariman Point, Mumbai – 400 021
Tel : (022) 6638 1800 ; **Fax :** (022) 2284 6824
Email : info@enam.com
Website : www.enam.com
Contact Person : Mr. Ajay Sheth/ Mr. Vinay Ketkar



SELF CERTIFIED SYNDICATE BANKS

As on date following banks are registered with SEBI for collection of ASBA forms:

1.	Axis Bank Ltd	17.	Andhra Bank
2.	State Bank of Hyderabad	18.	HSBC Ltd.
3.	Corporation Bank	19.	Kotak Mahindra Bank Ltd.
4.	State Bank of Travencore	20.	Bank of India
5.	IDBI Bank Ltd.	21.	CITI Bank
6.	State Bank of Bikaner and Jaipur	22.	IndusInd Bank
7.	YES Bank Ltd.	23.	Allahabad Bank
8.	Punjab National Bank	24.	Karur Vysya Bank Ltd.
9.	Deutsche Bank	25.	The Federal Bank
10.	Union Bank of India	26.	Indian Bank
11.	HDFC Bank Ltd.	27.	Central Bank of India
12.	Bank of Baroda	28.	Oriental Bank of Commerce
13.	ICICI Bank Ltd	29.	Standard Chartered Bank
14.	Vijaya Bank	30.	J P Morgan Chase Bank, N.A.
15.	Bank of Maharashtra	31.	Nutan Nagarik Sahakari Bank Ltd.
16.	State Bank of India	32.	UCO Bank

For the details of list of controlling banks along with its branches for ASBA please visit the website of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com, www.nseindia.com respectively.

STATUTORY AUDITORS

M/s. Khandelwal Jain & Co. (Peer Review Certified) *

Chartered Accountants

12-B Baldota Bhavan,

5th Floor, 117, M.K.Road,

Churchgate, Mumbai - 400 020

Tel: +91- 022-4311 6000; **Fax:** +91- 022- 4311 6060

Email: naredra@kjco.net; mumbai@kjco.net

M/s. D. C. Bothra & Co..

Chartered Accountants

297, Tardeo Road,

1st Floor, Willie Mansion,

Nana Chowk, Mumbai - 400 007

Tel: +91- 022-2387 5734, 2387 6643; **Fax:** +91- 022-2387 6643

Email: dcbothra@gmail.com

* M/s. Khandelwal Jain & Co. holds a Peer Review Certificate dated February 11, 2010 issued by the Institute of Chartered Accountants of India. New Delhi.

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

Since Keynote Corporate Services Limited is the sole BRLM to this Issue, Inter-se allocation of responsibility is not applicable.

CREDIT RATING

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



IPO GRADING

Credit Analysis & Research Ltd. (CARE) Limited has been appointed for grading of the issue.

CARE has assigned a '**CARE IPO Grade 2' [Grade Two]** to the proposed Initial Public Offer (IPO) of Prakash Steelage Limited (PSL). CARE IPO Grade 2 indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of the issuer.

The grading is constrained by low profitability margins, relatively high gearing ratios, delays in payment to statutory dues in FY 10, qualifications by the auditor in FY 10 annual report, moderately high utilisation of working capital limits, project execution risk associated with the ongoing project and inherently cyclical nature of the stainless steel industry.

The grading factors in the reasonable experience of the promoters in the stainless steel industry, established client relationships, products approved by reputed accrediting agencies, gradual improvement in capacity utilization and financial support from the promoters through unsecured loans.

TRUSTEES

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

MONITORING AGENCY

No agency has been appointed to monitor the utilization of funds.

APPRAISING AGENCY

The Project has not been appraised by any Bank or Financial Institution.

BOOK BUILDING PROCESS

The Book Building Process, 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 finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- 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 Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process where upto 50% of the Net Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the



Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section “Terms of the Issue” on page no. 205 of this Prospectus.

The Company shall comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, we have appointed the Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue.

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, assuming a price band of Rs. 140/- to Rs. 148/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as 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 as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	148	500	8.33%
700	147	1,200	20.00%
1,000	146	2,200	36.67%
400	145	2,600	43.33%
500	144	3,100	51.67%
200	143	3,300	55.00%
2,700	142	6,000	100.00%
800	141	6,800	113.33%
1,200	140	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 142/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 142/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” on page no. 212 of this Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see “Issue Procedure – PAN” on page no. 230 of this Prospectus); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;



Withdrawal of the Issue

The 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 the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ ISSUE OPENED ON	FOR ALL BIDDERS	THURSDAY, AUGUST 05, 2010
	FOR QIB BIDDERS	MONDAY, AUGUST 09, 2010
BID/ ISSUE CLOSED ON	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)	TUESDAY, AUGUST 10, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

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 the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. 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 public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

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



Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Maharashtra, Mumbai the Company has entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued 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 the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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

Name, address, telephone number, fax number and e-mail of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lacs)
Keynote Corporate Services Limited	18,75,000	2062.50
Keynote Capitals Limited	18,75,000	2062.50
Enam Securities Pvt. Ltd.	15,62,500	1718.75
SMC Global Securities Limited	9,37,500	1031.25
Total	62,50,000	6875.00

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated August 13, 2010. In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to "Other Regulatory and Statutory Disclosures" on page 195 of this Offer Document.



CAPITAL STRUCTURE

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

Share Capital	Aggregate Value at Nominal Price. (Amount in Rs.)	Aggregate Value at Issue Price (Amount in Rs.)
A. Authorized Capital: 2,00,00,000 Equity Shares of Rs 10/- each	20,00,00,000	
B. Issued, Subscribed and Paid Up Capital before this Issue: 1,12,50,000 Equity Shares of the Face Value of Rs.10 /- each	11,25,00,000	
C. Present Issue in terms of this Prospectus: 62,50,000 Equity Shares of the Face Value of Rs.10 /- each	6,25,00,000	68,75,00,000
<i>Of Which</i> Employee Reservation Portion includes 1,00,000 Equity Shares of the Face Value Rs. 10 /- each	10,00,000	1,10,00,000
D. Net issue to public 61,50,000 Equity Share of the Face Value of Rs. 10 /- each	6,15,00,000	67,65,00,000
<i>Of which</i> i) QIB portion of upto 30,75,000 Equity Shares ⁽¹⁾ ii) Non Institutional Portion not less than 9,22,500 Equity Shares ⁽¹⁾ iii) Retail Portion of not less than 21,52,500 Equity Shares ⁽¹⁾	3,07,50,000 92,25,000 2,15,25,000	33,82,50,000 10,14,75,000 23,67,75,000
E. Issued, Subscribed and Paid-Up Capital after this Issue 1,75,00,000 Equity Shares of the Face Value of Rs. 10/- each	17,50,00,000	1,92,50,00,000
Securities Premium Account Before this Issue After this Issue		Rs. 898.53 Lacs Rs. 7,148.53 Lacs

⁽¹⁾Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

Details of increase in the authorized share capital, since incorporation, are as follows:

Sr.No.	Details of increase in authorized share capital	Date of Resolution
•	Incorporation Rs. 25.00 Lacs divided into 2,50,000 Equity Shares of Rs. 10/- each.	Memorandum of Association
•	Increased to Rs. 75.00 Lacs divided into 7,50,000 Equity Shares of Rs. 10/- each.	26/03/1997
•	Increased to Rs. 500.00 Lacs divided into 50,00,000 Equity Shares of Rs. 10/- each.	20/03/2006
•	Increased to Rs. 1000.00 Lacs divided into 1,00,00,000 Equity Shares of Rs. 10/- each.	19/12/2006
•	Increased to Rs. 2000.00 Lacs divided into 2,00,00,000 Equity Shares of Rs. 10/- each.	07/01/2008

Notes to capital structure

1. Share capital history of the company

Equity Share capital history

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Equity Share Capital (no. of shares)
19/05/1991	200	10.00	10.00	Cash	Allotment pursuant to Subscription of Memorandum	200
31/03/1994	20,000	10.00	10.00	Cash	Further Allotment to Promoter & Promoter Group	20,200
31/03/1996	20,000	10.00	10.00	Cash	Further Allotment to Promoter & others	40,200
27/03/1997	1,90,800	10.00	10.00	Cash	Further Allotment to Promoter, Promoter Group & others	2,31,000
15/02/2007	32,34,000	10.00	Nil	Bonus	Bonus Issue out of General Reserves (14 equity shares for every one equity share held ie; @14:1)	34,65,000
02/03/2007	46,35,000	10.00	10.00	Cash	Further Allotment to Promoter & Promoter Group	81,00,000
03/10/2007	19,00,000	10.00	40.00	Cash	Further Allotment to Promoter & Promoter Group	1,00,00,000
28/03/2009	12,50,000	10.00	40.00	Cash	Further Allotment to Promoter Group	1,12,50,000

As on date of filing of this Prospectus with ROC, the issued capital is fully paid up.

2. Promoters Holding:

History of Share Capital held by the promoters:

Name of Promoter	Date of Allotment /Transfer	Nature of the Issue (Allotment/ Transfer)	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% age of Pre Issue Capital	% age of Post Issue Capital
Mr. Prakash C. Kanugo	19/05/1991	Allotment	Cash	100	10.00	10.00	0.00	0.00
	31/03/1994	Allotment	Cash	10,000	10.00	10.00	0.09	0.06
	27/03/1997	Allotment	Cash	1,50,000	10.00	10.00	1.33	0.86
	15/02/2007	Allotment	Bonus	22,41,400	10.00	Nil	19.92	12.81
	03/10/2007	Allotment	Cash	9,00,000	10.00	40.00	8.00	5.14
		Total			33,01,500			29.35
Mr. Ashok M. Seth	31/03/1996	Allotment	Cash	10,000	10.00	10.00	0.09	0.06
	16/01/2002	Transfer	Cash	13,100	10.00	10.00	0.12	0.07
	15/02/2007	Allotment	Bonus	3,23,400	10.00	Nil	2.87	1.85
	02/03/2007	Allotment	Cash	1,01,900	10.00	10.00	0.91	0.58
		Total			4,48,400			3.99
	Grand Total			37,49,900			33.33	21.43



3. Details of Promoters contribution locked-in for three years:

Name of Promoter	Date of Allotment /Transfer	Allotment/ Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% age of Post Issue
Mr. Prakash C. Kanugo	15/02/2007	Allotment	Bonus	22,41,400	10.00	Nil	12.81
	03/10/2007	Allotment	Cash	8,33,300	10.00	40.00	4.76
		Total		30,74,700			17.57
Mr. Ashok M. Seth	15/02/2007	Allotment	Bonus	3,23,400	10.00	Nil	1.85
	02/03/2007	Allotment	Cash	1,01,900	10.00	10.00	0.58
		Total		4,25,300			2.43
Grand Total				35,00,000			20.00

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. Other than those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

4. The shareholding pattern of the Company before and after the Issue is as follows:

Shareholder Category	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Shareholding of Promoter and Promoter Group				
Indian				
Individuals/ Hindu Undivided Family	6884,000	61.19	6884,000	39.34
Central Government/ State Government	-	-	-	-
Bodies Corporate	4366,000	38.81	4366,000	24.95
Financial Institutions/ Banks	-	-	-	-
Any Others (Specify)	-	-	-	-
Sub Total (A)(1)	1,12,50,000	100.00	1,12,50,000	64.29
Foreign				



Shareholder Category	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
Bodies Corporate	-	-	-	-
Institutions	-	-	-	-
Any Other (Specify)	-	-	-	-
Sub Total (A)(2)	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A) =(A)(1)+(A)(2)	1,12,50,000	100.00	1,12,50,000	64.29
Public Shareholding				
Institutions				
Mutual Funds/ UTI	-	-	62,50,000	35.71
Financial Institutions/ Banks	-	-		
Central Government/ State Government	-	-		
Venture Capital Funds	-	-		
Insurance Companies	-	-		
Foreign Institutional Investors	-	-		
Foreign Venture Capital Investors	-	-		
Any Others (Specify)	-	-		
Sub Total (B)(1)	-	-		
Non-Institutions				
Body Corporate	-	-		
Individuals:	-	-		
Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	-	-		
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-		
Any Other (Specify)	-	-		
Non-Resident Indians (OCBs)	-	-		
Hindu Undivided Family	-	-		
Demat - Clearing Member	-	-		
Sub-Total (B)(2)	-	-		
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	62,50,000	35.71
TOTAL (A)+(B)	1,12,50,000	100.00	1,75,00,000	100.00
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	1,12,50,000	100.00	1,75,00,000	100.00

5. There are no transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of this Prospectus with ROC



6. Equity Shares held by the top ten shareholders:

6a. Top ten shareholders as on the date of filing this Prospectus with ROC:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value Rs. 10/-)
1.	Mr. Prakash C. Kanugo	33,01,500	29.35
2	M/s. AMS Trading & Investment Pvt. Ltd.	28,76,000	25.56
3	M/s. Seth Iron & Steel Pvt. Ltd.	14,90,000	13.24
4.	Mr. Kirti P. Kanugo	5,83,074	5.18
5	Mr. Hemant P. Kanugo	5,61,753	4.99
6	Mr. Kamal P. Kanugo	5,57,752	4.96
7	Mr. Vimal P. Kanugo	4,61,146	4.10
8	Mr. Ashok M. Seth	4,48,400	3.99
9	Ms. Pyaridevi Kanugo	3,21,300	2.86
10.	Ms. Babita P. Kanugo	2,64,075	2.35
	Total	10,86,5000	96.58

6b. Top ten shareholders ten days prior to filing this Prospectus with ROC:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value Rs. 10/-)
1.	Mr. Prakash C. Kanugo	33,01,500	29.35
2	M/s. AMS Trading & Investment Pvt. Ltd.	28,76,000	25.56
3	M/s. Seth Iron & Steel Pvt. Ltd.	14,90,000	13.24
4.	Mr. Kirti P. Kanugo	5,83,074	5.18
5	Mr. Hemant P. Kanugo	5,61,753	4.99
6	Mr. Kamal P. Kanugo	5,57,752	4.96
7	Mr. Vimal P. Kanugo	4,61,146	4.10
8	Mr. Ashok M. Seth	4,48,400	3.99
9	Ms. Pyaridevi Kanugo	3,21,300	2.86
10.	Ms. Babita P. Kanugo	2,64,075	2.35
	Total	10,86,5000	96.58

6c. Top ten shareholders two years prior to filing this Prospectus with ROC:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value Rs. 10/-)
1.	Mr. Prakash C. Kanugo	33,01,500	33.02
2	M/s. AMS Trading & Investment Pvt. Ltd.	28,76,000	28.76
3	M/s. Seth Iron & Steel Pvt. Ltd.	14,90,000	14.90
4.	Mr. Kirti P. Kanugo	2,53,100	2.53
5	Mr. Hemant P. Kanugo	2,44,000	2.44
6	Mr. Kamal P. Kanugo	2,40,000	2.40
7	Mr. Vimal P. Kanugo	2,04,500	2.05
8	Mr. Ashok M. Seth	4,48,400	4.48
9	Ms. Pyaridevi Kanugo	3,06,000	3.06
10.	Ms. Babita P. Kanugo	2,51,500	2.52
	Total	96,15,000	96.15



7. Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
8. There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by PSL, our Promoters, Directors, BRLM for the equity shares offered through this Prospectus.
9. The Company has not raised any bridge loan against the proceeds of the issue.
10. The company has 16 Shareholders as on the date of filing this Prospectus with SEBI.
11. An over-subscription to the extent of 10% of the net offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
13. A total of 1,00,000 Equity Shares have been reserved for allocation to the Eligible Employees on competitive basis, subject to valid bids being received at or above the issue price. Employees can also make Bids in the Net Issue to Public and such Bids shall not be treated as multiple Bids.
14. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net issue. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
15. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, if business needs of the Company so require, we may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Prospectus or from the date the application moneys are refunded on account of failure.
16. PSL has not revalued its assets since its incorporation.
17. PSL has not made any public issue since its incorporation.
18. We undertake that at any given time, there shall be only one denomination for the Equity Shares of the Company and that it shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
19. As on the date of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares. The shares locked in by the Promoter are not subject to any pledge.
20. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.



OBJECTS OF THE ISSUE

The Objects of the Issue is to raise resources to finance:

- Expansion of existing manufacturing facility at Umbergaon, Gujarat
- Meet the additional working capital requirement
- General corporate purpose
- Meet the issue expenses and
- List the equity shares of the company on the stock exchanges.

The main object clause of our Memorandum of Association and objects incidental to the attainment of the main objects enables us to undertake the existing activities and the activities for which funds are being raised by us through this Issue.

The net proceeds of the Issue after deducting the expenses for the Issue are estimated at Rs. 6420.00 Lacs. The Fund requirement is based on the current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.

Cost of Project and Means of Finance

Cost of Project

We intend to utilize Proceeds for financing the above mentioned objects. The details of utilization of Proceeds are as per the table set forth below:

Particulars	(Rs. in Lacs)	
	Amount	Amount
Expansion of existing manufacturing facility at Umbergaon		
- Site Development	7.00	
- Factory Building & other civil work	1033.68	
- Plant & Machinery	3367.46	
- Other Fixed Assets	168.00	
- Contingencies	93.86	
- Preoperative Expenses	185.00	4855.00
Working Capital		6187.00
General Corporate Purpose		340.00
Issue Expenses		455.00
Total cost of project		11837.00

Means of Finance

Particulars	Amount (Rs. In lacs)
Equity share capital including premium (already brought in)	500.00
Unsecured Loans	1538.00
Bank finance	2724.00
Internal accruals	200.00
Public issue of equity shares	6875.00
Total means of finance	11837.00

Firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance, excluding the amount to be raised through proposed issue and existing identifiable internal accruals, have been made.



DETAILS OF THE OBJECTS OF THE ISSUE

1. Expansion of existing manufacturing facility at Umbergaon :

We propose to expand our current capacities of Stainless steel seamless & welded pipes/ tubes and also create facilities for Hot Finishing Hollows (10,000 MT pa) and Slitting (12,000 MT pa). The expanded capacity will be as under:

Particulars	(in MT)		
	Present capacity	Proposed Expansion	Post Expansion
Stainless Steel Seamless & Welded Pipes/Tubes	12,200	6,800*	19,000

* Out of the proposed expansion capacity, the capacity to the extent of 3,400 MT has already been installed by the Company thereby making the total existing capacity to 15600 MT.

The proposed expansion is to be carried out at the existing factory site at Umbergaon.

Site Development

An area of 10,000 sq mt (approx) of land at the existing site at Umbergaon is being utilized for the proposed expansion. The site development has been completed at a total cost of Rs. 7.00 Lacs and the same was carried out under the supervision of M/s. Bharat Gandhi & Associates who has been appointed as the Architect for the entire civil work.

Factory Building & other civil work

We propose to construct 80,731 sq. ft of building for the proposed project. An amount of Rs. 808 lacs has already been spent on the civil works for the construction of a part of the Factory Shed.

The details of the civil construction which is yet to be completed is given hereinunder :

Particulars	Amount (Rs. in lacs)
Factory Shed - I	26.92
Factory Shed - II	54.38
Pre Engineered Building (PEB) Structure Work	127.53
Tube Mill Foundation	2.69
LG-75/LG-30 Foundation	14.16
Total	225.68

2. Plant & Machinery

An amount of Rs. 3367.46 lacs is proposed to be invested in the plant and machinery for the proposed expansion. We have already procured machinery worth Rs. 1952.81 lacs towards which an amount of Rs. 1853.00 lacs has been paid to the suppliers. These machineries have been sourced through various suppliers and includes imported machineries. No second hand equipments has been purchased or is proposed to be purchased.

The details of Plant & Machinery already procured by us are as follows:

Sr. No	Description	Amount (Rs. in lacs)
1.	"Dowel " Brand Operated Hydraulic Frame Press	1.09
2.	Laxson Horizontal Metal Cutting Machine	1.23
3.	Pickling Tank	1.26
4.	Tube Mill	1.38
5.	Electronic Weighing Machine	1.67
6.	Lath Machine 7"	1.76
7.	Ladder Type G.I.Cable Tray	2.15
8.	Eccentric Roller Pointing Machine	2.46
9.	Lathe Machine 9' Heavy Duty	2.51
10.	Lathe Machine 12" Heavy Duty	2.83
11.	Tig Welding Power Source Machine	4.57
12.	Pickling Tank	6.94
13.	5 Ton Double Grinder EOT Crane-VI	7.04
14.	Rotary Swaging Machine	7.81
15.	3 Head Abrasive Belt Cylinder Finishing System	8.30
16.	Cooling Tower	8.79
17.	Electrical Installation III	9.20
18.	Tube Bending Machine	12.71
19.	Hydraulic Mobile Crane II	13.68
20.	5 Ton Double Grinder EOT Crane-VII	15.80
21.	5 Ton Double Grinder EOT Crane-VIII	15.80
22.	Electrical Installation II	16.00
23.	5 Ton Double Grinder EOT Crane	18.06
24.	Control & Power Cables	23.50
25.	Pilgering Machine LD 15	25.04
26.	Tube Straightening Machine	26.81
27.	Piercing Machine	34.92
28.	Gas plant for New Project	35.37
29.	Non Electric Furnace Comprising	36.09
30.	Tube Mill	44.95
31.	Steel Pipe Ultrasonic Wave Automatic Crack Eq.	45.94
32.	5 Ton Double Grinder EOT Crane V	54.17
33.	Other Plant & Machinery	179.28
34.	Pilgering Machine LG 60	225.77
35.	Pilgering Machine Lg 30	268.09
36.	Piercing Machine	592.03
37.	Tube Mill, Model: Parth 220 TM including 49 number of roll sets	151.00
38.	Hydrostatic Pressure Testing Machin, automatic type with tube handling system	36.94
39.	Miller USA, Make TIG Welding Unit (Model: MAX STAR 700), Model USA Make Water Cooling System (Model: COOLMTE - 3.5) and Miller USA make remote handel control (Model: RHC - 14)	9.87
	Total	1952.81



The company is yet to procure machinery to the tune of Rs. 1414.65 lacs. The details of the plant and machineries yet to be procured by the company are as under. The cost estimates for these machineries are based on the quotations received from various suppliers.

Sr. No	Description	Name of the Supplier	Quantity (Units)	Amount (Rs. in lacs)	Date of Quotation/ Purchase Order
1.	4 Roll bending machine	Rajesh Machine Tools Pvt. Ltd., Rajkot, Gujarat, India	One unit	95.11	22/06/2010
2.	Off line Induction annealing machine	Thorson Industries, Ghatalodia, Ahmedabad	One unit with coils	23.50	23/06/2010
3.	Automatic plasma welding machine	Arcraft Plasma Equipments (India) Pvt. Ltd.	One unit	33.13	24/06/2010
4.	Hydro Pressure Testing machine (Up to 24")	J.M. Engineering, Dahisar (E), Mumbai	One unit	50.00	27/06/2010
5.	Vision Portable Industrial X - Ray Machine, 250Kv, 5mA	VM Engineering Co. Ltd., MIDC, Pimpri, Pune - 411 0118, India	One unit	7.20	26/06/2010
6.	Digital Colour TFT Ultrasonic Flaw Detector Model Digiscan DS-311/Ds-322	EEC Co. India Pvt. Ltd, Mumbai	One unit with coils	4.15	26/06/2010
7.	12 Mt Hydra Crane	Action Construction Equipment Limited, Mathura Road, Ballabgarh, Haryana	One unit	9.05	23/06/2010
8.	Electricals & accessories	Maheshwari Trading Company, Char Rasta, Vapi, Gujarat	One Set	37.91	24/06/2010
9.	5.0 Ton Double Grinder EOT crane Overhead crane	Safex Equipments Pvt. Ltd., GIDC Vatva, Ahmedabad	Two unit	34.20	25/06/2010
10.	Forming Press 1000 Tonnes capacity Sizing Press 500 tonnes capacity Takking Press 300 capacity	BNB Consultant & SS Fabricators	One unit each	45.00 25.00 30.00	24/06/2010
11.	Air Compressor - 162 CFM Air compressor at 7 Kg	Airkom Agencies (India) Pvt. Ltd.	One unit	9.15	21/06/2010
12.	LG75 Pilgering Machines		Three units	189.90 (USD: 4,17,000)*	25/02/2010
13.	LG-30 Pilgering Machines	Valen Link world Honkong Limited	Three units	88.80 (USD: 1,95,000)*	
14.		ITL Industries Limited, Indore			27/02/2010

Tube Mill for manufacturing S.S. pipes in the size range of ½' to 2' O.D. (12.7 to 50.0 mm O.D.) with wall thickness 0.5 to 0.3 mm complete with

One unit 60.62



Sr. No	Description	Name of the Supplier	Quantity (Units)	Amount (Rs. in lacs)	Date of Quotation/ Purchase Order
	Electricals and pneumatics)				
15.	Tube Mill Rollers ½" to 2" O.D		Seven Sets	40.79	
16.	Tube Mill for manufacturing S.S. pipes in the size range of ½" to 4" O.D. (20 to 100 mn O.D.) with wall thickness 1.5 to 6.0 mm complete with Electricals and pneumatics.		One Unit	82.28	
17.	Tube Mill Rollers 1" to 4" O.D		Seven Sets	94.03	
18.	Hydro static Pressure Tasting Machine for U Bend		One unit	32.00	17/03/2010
19.	Abrasive Circular Saw Type End Cutoff machine		One unit	13.00	
20.	80 Ton Draw Bench	J.M Engineering, Vapi, Gujarat	One unit	83.25	
21.	60 Ton Draw Bench		One unit	67.75	
22.	Stress Relieving Furnace For Long Pipes	Seco Warwick Allied Pvt. Ltd, Chembur, Mumbai	One unit	64.03	Purchase order dated 04/12/2009
23.	Coil Slitting line (Precision)	Parth Equipment Limited, GIDC, Ahmedabad	One unit	80.00	Purchase order dated 25/08/2008
24.	Die Grinding Machine (Model: ATGP 400 4 Axes CNC Die Grinding Machine)	A.T. Consultants Pvt. Ltd., Jamnagar, Gujarat		114.80	06/06/2010
Total				1,414.65	

* Conversion rate taken as on 09/03/2010 which is 1USD = Rs. 45.54

3. Other fixed assets

We have estimated an amount of Rs. 168.00 lacs towards the other fixed assets of which we have already procured assets of the value of Rs. 114.00 lacs. The details of the same are as given hereunder:

Sr. No	Description	Amount* (Rs. in lacs)
1.	Office Equipments: Air conditioner, Close circuit television, mobile and telecommunication etc	11.22
2.	Computer & Computer Accessories	6.83
3.	Furniture & Fixtures	68.49
4.	Vehicle - Taj Tempo LPT1109/42X Truck - Tractor	9.72 1.59
5.	Laboratory equipments	1.04
6.	Software development	15.11
7.	TOTAL	114.00

A sum of Rs. 54.00 Lacs is yet to be incurred towards furniture & fixtures at the factory premises as per the quotation given by M/s N R Jasani vide their letter dated 19/06/2010.



4. Contingences

The company has earmarked contingency of an amount of Rs. 93.86 lacs which is 2% of the building, plant and machinery cost.

5. Preoperative Expenses

We have estimated a pre-operative expense of Rs. 185.00 Lacs which includes expenses relating to interest during construction period and other direct overheads. We have already spent an amount of Rs. 135.00 lacs, and the balance Rs. 50.00 Lacs is yet to be incurred.

6. Working Capital

The Company proposes to enhance its installed capacity from the present 15,600 MTPA to 19,000 MTPA and as per the estimate of the Company, the capacity utilization for the year ended March 31, 2011 will be 85% (as per company estimate). Post expansion, the Company shall require additional working capital to ensure smooth operations for the enhanced capacities. The detailed calculation of the working capital requirement of the Company based on estimates, post expansion is as given below:

Particulars	Existing as on 31/03/2010 (Rs. in Lacs)	Estimated as on 31/03/2011 (Rs. in Lacs)
Debtors	11,174.84	13,003.00
Inventory		
- Raw Material	1,300.36	4,661.84
- Stores & Spares	102.36	251.90
- Stock-in process	431.78	939.01
- Finished Goods	4,547.72	6,173.25
Total Current Assets	17,557.06	25,028.00
Less: Current Liabilities	8,736.62	9,430.00
Working capital	8820.44	15,598.00
Funded by		
Bank	7642.98	7,400.00*
Internal Accruals/ unsecured loans	1177.46	2,011.00
Public Issue	-	6,187.00

* Presently the Company is enjoying working capital facilities from the consortium of Banks comprising of Vijaya Bank, ABN Amro, ICICI Bank and Bank of Baroda. For the details of limits sanctioned and other terms and conditions, please refer page 142 of the Prospectus.

Basis of estimation of working capital requirement

Particulars	Holding norms (No. of days)
Debtors	90
Raw Material	45
Stores & Spares	95
Stock-in process	9
Finished Goods	60



7. General Corporate Purposes

The Company intends to set apart an amount of Rs. 340.00 lacs funds for meeting certain unplanned expenditure which are necessary for the conducting of the Business which have to be sourced through the head General Corporate Purposes.

8. Issue Expenses

The break-up of issue expenses is as under:

Activity	Estimated Expense (Rs. in lacs)
Fees to intermediaries	226.00
Advertising and marketing expenses	140.00
Printing and Stationary & Distribution	45.00
Others	44.00
Total estimated Issue expenses	455.00

Schedule of implementation

Sr. no	Activity	Commencement	Completion
1	Setting up of additional Manufacturing Facility at Umbergaon		
	- Land & Site Development	Completed	
	- Factory Building & other civil work	Completed	
2	Plant & Machinery	Commenced	August 2010
3	Other Fixed Assets	Commenced	August 2010
4	Trial Runs	September 2010	September 2010
5	Commercial Production	October 2010	

Year wise break up of the proceeds to be used

The year wise break up of funds to be incurred on the project under various heads is as follows:

Particulars	Amount spent till 30/05/2010 (Rs. in Lacs)	Amount to be spent during the year 2010-11	Total
Site Development	7.00	-	7.00
Factory Building & other civil work	808.00	225.68	1033.68
Plant & Machinery	1853.00	1514.46	3367.46
Other Fixed Assets	114.00	54.00	168.00
Contingencies	-	93.86	93.86
Preoperative Expenses	135.00	50.00	185.00
Working Capital	2008.00	4179.00	6187.00
Total	4925.00	6117.00	11042.00



Sources & deployment of Funds

As per the Certificate dated 10/07/2010 from M/s Lukad & Jain, Chartered Accountants. The Company has upto 31/05/2010, deployed an amount aggregating to Rs. 4925.00 lacs towards the ongoing expansion of project. Details of the sources and deployment of funds as per the certificate are as follows:

Particulars	(Rs. In lacs) Amount
DEPLOYMENT OF FUNDS	
Site development	7
Factory Building	808
Plant & Machinery	1853
Other Fixed Assets	114
Pre operative expenses	135
Working capital	2008
Total	4925
SOURCES OF FUNDS	
Share capital including premium	500
Unsecured loans	1695
Term loan	1224
Working capital facilities	1506
Total	4925

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Monitoring of Utilization of Funds

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilisation of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation/ adverse comments of the Audit Committee public through advertisement in newspaper.

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.



BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

- Experienced Management and Professional Team.
- Strategic Locations of Manufacturing Facilities.
- Diversified customer base.
- Awarded with “ISO 9001 : 2008”.
- Recognized as Star Export house by the Government.

QUANTITATIVE FACTORS

Information presented in this section is derived from the restated financial statements certified by the Statutory Auditors of the Company.

1. Earnings Per Share (EPS) (on Rs. 10/- per share)

Year Ended	EPS (Rs.)	Weight
March 31, 2008	9.07	1
March 31, 2009	7.36	2
March 31, 2010	15.84	3
Weighted Average EPS	11.89	

2. Price/ Earning (P/E) Ratio

Price to Earning Ratio (P/E) in relation to *the issue price of Rs. 110/- per equity share*

Particulars	
P/E based on pre-issue weighted average EPS of Rs. 11.89	9.25
P/E based on pre-issue EPS of FY 2009-10 of Rs. 15.84	6.94

3. Return on Net Worth (RONW)

Year Ended	RONW (%)	Weight
March 31, 2008	34.33	1
March 31, 2009	21.00	2
March 31, 2010	35.03	3
Weighted Average RONW	30.24	

4. Minimum Return on Increased Net Worth required to maintain pre-issue EPS of Rs. 15.84 is 23.17%

5. Net Asset Value (NAV) per share

Pre-Issue as on March 31, 2010 (Rs.)	45.22
Post Issue (Rs.)	68.36



6. Industry Average P/E

	Name of Company	P/E Multiple based on Price as on 02/07/2010
Highest	Odyssey Corporation Limited	107.30
Lowest	Goodluck Steel Tubes Limited	3.00
Industry Average		16.70
Source: Capital line, Capital Market: July 12, 2010 till July 25, 2010; Segment - Steel - Medium/Small		

Comparison with Peer Group

Name of the Company	Face Value (Per equity shares)	Sales as on 31/03/2010 (Rs. In Cr.)	RONW (%)	Book Value (Rs.)	EPS (Rs.)	P/E Multiple based on Price as on 02/07/2010
Ratnamani Metals and Tubes Ltd	2.00	852.00	27.80	78.10	17.60	7.10
Suraj Stainless Limited	10.00	174.50	12.20	32.40	5.10	14.30
Remi Edelstahl Tubulars Limited	10.00	91.60	(8.40)	44.50	0.80	31.25
Zenith Birla (India) Limited	10.00	480.20	7.00	22.10	1.10	24.60
Odyssey Corporation Limited	10.00	2.90	(39.10)	33.10	1.50	107.30
Goodluck Steel Tubes Limited	2.00	477.50	29.30	34.40	8.20	3.00
Source: Capital line, Capital Market: July 12, 2010 till July 25, 2010; Segment - Steel - Medium/Small						
Prakash Steelage Limited	Rs. 10.00	437.10	35.03	45.22	15.84	-

7. The face value of Equity Shares of Prakash Steelage Limited is Rs. 10 and the Issue Price is 11 times of the Face Value.

The Issue Price of Rs. 110.00 has been determined by us in consultation with the BRLM, on the basis of assessment of market demand from investors through the Book- Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10 each. The Issue Price is 11 times the face value.

On the basis of the above parameters the Issue Price of Rs. 110.00 per share is justified.



STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS. AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY

To,
The Board of Directors
Prakash Steelage Limited
701, Mahalaxmi Chambers,
Bhulabhai Desai Road,
Mumbai - 400 026.

We M/s D. C. Bothra & Co., Chartered Accountants are the Joint Statutory Auditors of Prakash Steelage Limited having its registered office at 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai - 400 026. We hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

As per the existing provisions of the Income Tax Act, 1961 (henceforth referred to as the I.T. Act) and other laws, as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Prakash Steelage Limited and its shareholders.

Special tax benefits available to the Company :

Prakash Steelage Limited is holding certificate of exemption from Sales Tax subject to the terms & conditions stated therein under Dadra & Nagar Haveli, Sales Tax Regulation, 1978 on specified goods identified therein which are manufactured / processed / assembled in the Union Territory of Dadra & Nagar Haveli. The said exemption is available for 15 years ending on 22/11/2011 unless otherwise modified under the Rules.

General tax benefits available:

These general tax benefits are available to all Companies or to the Shareholders of any Company, as the case may be, after fulfilling certain conditions as required in the relevant Act.

A. Benefits to the Company

1. Dividends exempt under section 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic Company would be exempted in the hands of the Company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a Company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified



under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a Company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the Company from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a Company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

5. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.



6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(ia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.
7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.
9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.
10. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

Carry forward and Set off of Business Loss

11. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.
12. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting 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.
13. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
14. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

B. Benefits to the Resident shareholders of the Company under the IT Act

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic Company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act. The Company is liable to pay a 'Dividend Distribution Tax' currently at the rate of 16.608% (including applicable surcharge and education cesses) on the total amount distributed or declared or paid as dividend (whether interim or final).

Dividends are not taxable in India in the hands of the recipients.



2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the Income Tax Act 1961.
3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a Company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a Company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT. Further, short term gains as computed above which are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge and cess).

4. Exemption of capital gains arising from income tax
As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds



issued on or after April 1, 2007 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

5. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.
6. Under section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

C. Benefits to the Non-resident shareholders of the Company other than Foreign Institutional Investors and Foreign Venture Capital Investors

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic Company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.
3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a Company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a Company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian Company need to be computed by



converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2007 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

5. Non resident taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:



- a) Under section 115E of the Act, 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 percent. Also, where shares in the company are subscribed to 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 per cent. The benefit of indexation of cost would not be available.
 - b) 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 will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - c) In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.
 - d) In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
6. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.
 7. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.
 8. Under section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.
 9. Tax Treaty Benefits

Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement ("tax treaty") entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever are more beneficial.



D. Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic Company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Rate of tax

Nature of Income	(%)*
Long-term capital gains	10
Short-term capital gains	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

If the income realized from the disposition of equity shares is chargeable to tax in India as 'business income', Business profits in the hands of FII may be subject to tax @ 30%* (other than foreign company)/ 40%* (in case of foreign company). However, the benefit of Double Taxation Avoidance Agreement (DTAA) can be examined in such a case.

4. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.
5. Under section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.



6. Tax Treaty Benefits

Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident, including FIIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever are more beneficial.

E. Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act.

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic Company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

2. As per the provisions of section 10(23D) of the Act

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

F. Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic Company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

G. Benefits under the Wealth Tax Act, 1957

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

H. Benefits under the Gift Tax Act

The Gift Tax Act, 1958 is now abolished.

However, as per the provisions of section 2(24) of the Act read with section 56 (2)(vi) of the Act, income of an individual or HUF will include any sum of money the aggregate value of which exceeds Rs 50,000 received from any person or persons without corresponding consideration.

On or after 1st October, 2009, as per the provisions of section 2(24) read with section 56(2)(vii) of the Act, where an Individual or HUF receives in a year from any person or persons ,

- a) any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum;
- b) any immovable property, without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;



- c) any property, other than immovable property,
- i. without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
 - ii. for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration

the same would be considered as income of such individual or HUF. The term “any property” also includes shares and securities.

Where a firm or a company (other than a company in which public are substantially interested) receives on or after June 1, 2010 any property, being shares of a company (other than a company in which public are substantially interested)

- i. without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
- ii. for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

would be treated as the income of such recipient firm/company

However any transfer pursuant to a scheme of business organisation, amalgamation or demerger which are not regarded as transfer under certain specified clauses of section 47 will be excluded from the applicability of the aforesaid provision.

There are some exceptions to this provision:

- i. amount received from any relative as defined in provisions;
- ii. amount received on the occasion of the marriage of the individual;
- iii. amount received under a will or by way of inheritance;
- iv. amount received in contemplation of death of the payer;
- v. amount received from any local authority as defined in the Explanation to clause (20) of section 10 of the Act;
- vi. amount received from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act;
- vii. amount received from any trust or institution registered under section 12AA of the Act.

I. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the I.T. Act in case of residents. However, the provisions of section 195 of the I.T. Act, any income by way of capital gains, payable to non residents (long-term capital gains exempt under section 10(38) of the I.T. Act), may be subject to the provisions of withholding tax, subject to the applicable tax treaty. Accordingly, income tax may have to be deducted at source in the case of a nonresident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.



Notes

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2010 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.
5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**For D. C. Bothra & Co.,
Chartered Accountants**

Sd/-

**(Pawan Bothra, M. No. 31215)
Partner**

**Place : Mumbai
Date : July 09, 2010**

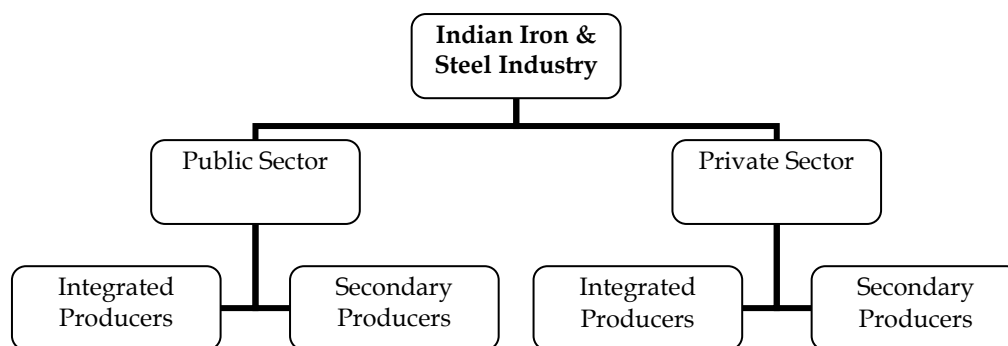
SECTION III - ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Book Running Lead Manager or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

Industry Structure

Indian Iron and steel Industry can be divided into two main sectors **Public sector** and **Private sector**. Further on the basis of routes of production, the Indian steel industry can be divided into two types of producers.

*Integrated producers*

These are steel plants that convert iron ore into steel. There are three major integrated steel players in India, namely Steel Authority of India Limited (SAIL), Tata Iron and Steel Company Limited (TISCO) and Rashtriya Ispat Nigam Limited (RINL).

Secondary producers

These are the major steel plants (MSPs), which make steel by melting scrap or sponge iron or a mixture of the two. Essar Steel Ltd., Ispat Industries Limited and Lloyds Steel Industries Limited are the largest producers of steel through the secondary route.

Types of steel

Steel is an iron based mixture containing two or more metallic and/or non metallic elements usually dissolving into each other when molten. Since it is an iron based alloy—as per its end use requirements—other than iron it may contain one or more other elements such as carbon, manganese, silicon, nickel, lead, copper, chromium, etc. For example, stainless steel (a type of steel) mainly contains chromium that is normally more than 10.5 percent with/without nickel or other alloying elements. Steel is produced using Steel Melting Shop that includes converter, open hearth furnace, electric arc furnace and electric induction furnace.

There are broadly two types of steel according to its composition: alloy steel and non-alloy steel. Alloying steel is produced using alloying elements like manganese, silicon, nickel, chromium, etc. Non-alloy steel has no alloying component in it except that are normally present such as carbon. Non-alloy steel is mainly of three types viz. mild steel (contains upto 0.3% carbon), medium steel (contains between 0.3-0.6% carbon) and high steel (contains more than 0.6% carbon). All types of steel other than mild steel are called special steel. It is mainly because a special care is taken in order to maintain particular level of chemical composition in such steel. This process gives different



properties to the steel according to its composition. In India, non-alloying steel constitutes about 95 percent of total finished steel production, and mild steel has large share in it.

According to shape/size/form steel is categorized into different types such as liquid steel, ingots, semis (semi-finished steel) and finished steel. Liquid steel is a first product that comes out from Steel Melting Shop. Liquid steel further goes into ingots, and then ingots advance to semis. Semis are called semi-finished steel products because they are further subject to forging/rolling in order to produce finish steel products such as flat steel products and long steel products. Crude steel generally includes ingots and semis. According to end use, steel is categorized into structural steels, construction steel, deep drawing Steel, forging quality, rail steel, etc. (Source: Indian Steel Industry, Final Report: January 2009 by Public Enterprises, Government Policy and Impact on Competition)

Development of steel industry in 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. (Source: Ministry of Steel: Annual Report 2008-09)

As it traversed its long history during the past 60 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 Bhilai, Durgapur, Rourkela and Bokaro.

The policy regime governing the industry during these years involved:

- Capacity control measures: Licensing of capacity, reservation of large-scale capacity creation for the public sector units.
- A dual-pricing system: Price and distribution control for the integrated, large-scale producers in both the private and public sectors, while the rest of the industry operated in a free market.
- Quantitative restrictions and high tariff barriers.
- Railway freight equalisation policy: To ensure balanced regional industrial growth.
- Controls on imports of inputs, including technology, capital goods and mobilisation of finances and exports. (Source: Ministry of Steel: Annual Report 2008-09)

The Indian steel sector was the first core sector to be completely freed from the licensing regime and pricing and distribution controls. This was done primarily because of the inherent strengths and capabilities demonstrated by the Indian iron and steel industry. The economic reforms and the consequent liberalization of the iron and steel sector which started in the early 1990s resulted in substantial growth in the steel industry and green field steel plants were set up in the private sector. Today, India is the fifth largest steel producing country in the world. This sector represents over Rs.90,000 crore of capital and directly provides employment to over 5 lakh people. The production of total finished steel (alloy + non-alloy) for sale during the year 2007-08 was 56.13 million tonnes with annual growth rate of 7% and during 2008-09 (Prov.) was at 56.42 million tonnes up by 0.6% over the previous year. (Source: Outcome Budget of Ministry of Steel 2009-10)

The important policy measures which have been taken over the years for the growth and development of the Indian iron and steel sector are as under:-

- (i) In the industrial policy announced in July 1991, iron and steel industry was removed from the list of industries reserved for the public sector and also exempted from the provisions of compulsory licensing under the Industries (Development and Regulation) Act, 1951.



- (ii) With effect from 24th May 1992, iron and steel industry was included in the list of 'high priority' industries for automatic approval for foreign equity investment up to 51%. This limit has since been increased to 100%.
- (iii) Pricing and distribution of steel were deregulated from January, 1992. At the same time, it was ensured that priority continued to be accorded for meeting the requirements of small-scale industries, exporters of engineering goods and North Eastern region, besides strategic sectors such as Defence and Railways.
- (iv) The import regime for iron and steel has undergone major liberalization moving gradually from a controlled import by way of import licensing, foreign exchange release, canalization and high import tariffs to total freeing of iron and steel imports from licensing, canalization and lowering of import duty levels. Export of iron and steel items has also been freely allowed.
- (v) Duties on raw materials for steel production were reduced. These measures reduced the capital costs and production costs of steel plants.
- (vi) Freight equalization Scheme was withdrawn in January, 1992. However, with the coming up of new steel plants in different parts of the country, iron and steel products are freely available in the domestic market.
- (vii) Levy on account of Steel Development Fund was discontinued from April, 1994 thereby providing greater flexibility to main producers to respond to market forces.
- (viii) Import duties on key steel-making raw materials, including mineral products and ores and concentrates have seen significant reductions in successive budgets in last few years.

Currently, the import duty on steel items is 5%. The import duty on raw materials like melting scrap, coking coal, metcoke is NIL and between 2% to 5% for other raw materials, such as Zinc, Iron Ore and Ferro Alloys. There is no export duty on any steel item. (Source: Outcome Budget of Ministry of Steel 2009-10)

As per official estimates, the Iron and Steel Industry contributes around 2% of the Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IPP) is 6.20%. From a negligible global presence, the Indian steel industry is now acknowledged for its product quality, reflected by trends of rising exports. (Source: Ministry of Steel: Annual Report 2008-09)

Market

The Indian steel industry entered into a new development stage from 2005-06, resulting in India becoming the 5th largest producer of steel globally. Producing about 53 million tonnes (MT) of steel a year, today India accounts for a little over 7 per cent of the world's total production. The recovery in steel production has been aided by the improved sales performance of steel companies. (Source: Indian Brand Equity Foundation: Industry - Steel, www.ibef.org)

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 tonnes by 2019-2020. It has been assessed that, on a 'most likely scenario' basis, the steel production capacity in the country by the year 2011-2012 will be nearly 124 million tonnes. The table below shows the trend in production for sale, import, export and consumption of total finished steel (alloy + non-alloy) in the country during the last six years:

('000 tonnes)				
Year	Production for sale	Import	Export	Consumption
2003-04	40,709	1,753	5,207	33,119
2004-05	43,513	2,293	4,705	36,377
2005-06	46,566	4,305	4,801	41,433
2006-07	52,529	4,927	5,242	46,783
2007-08	56,075	7,029	5,077	52,125
2008-09	56,393	5,775	3,750	51,850

(Source: Ministry of Steel: Annual Report 2008-09)



Crude steel production has shown a sustained rise since 2003-04 along with capacity. Data on crude steel production, capacity and capacity utilisation is given in the table below:

Year	Capacity ('000 tonnes)	Production ('000 tonnes)	Capacity Utilization (%)
2003-04	43,910	38,727	88
2004-05	47,995	43,437	91
2005-06	51,171	46,460	91
2006-07	56,843	50,817	89
2007-08	59,845	53,857	91
2008-09	64,400*	54,520	85

* 3 million tonne capacity added in December 2008

(Source: Ministry of Steel: Annual Report 2008-09)

The following table highlights the total as also the contribution of the private and public sector in crude steel production in the country:

(in million tonnes)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
Public Sector	15.912	16.964	17.003	17.091	16.374
Private sector	27.525	29.496	33.814	36.766	38.146
Total Production	43.437	46.460	50.817	53.857	54.520
% share of public sector	36.6%	36.5%	33.5%	32%	30%

(Source: Ministry of Steel: Annual Report 2008-09)

- The growth was driven by capacity expansion from 43.91 million tonnes per annum (MTPA) in 2003-04 to 64.4 MTPA in 2008-09.
- Crude steel production grew at more than 8.16% annually from 38.72 million tonnes in 2003-04 to 54.52 million tonnes in 2008-09.
- Production of finished steel at 56.39 million tonnes during 2008-09 as against 40.71 million tones in 2003-04 at average annual growth rate of 7.7%.
- With growth in production for sale lagging behind consumption growth, India has turned into a net importer of finished steel in 2008-09. Exports also declined to ensure greater domestic availability. (Source: Ministry of Steel: Annual Report 2008-09)

Stainless Steel Overview: History

The "discovery" of stainless steel occurred in the 1900 to 1915 time period. However, as with many discoveries, it was the accumulated efforts of several individuals that actually began in 1821. That year a Frenchman named Berthier found that iron when alloyed with chromium was resistant to some acids. Others studied the effects of chromium in an iron matrix, but using a low percentage of chromium. To be stainless steel, the chromium content needs to be at least 10.5%. In 1872, Messrs. Woods and Clark applied for a British patent for what they identified as an acid and weather resistant alloy containing 30 to 35% chromium and 1.5 to 2% tungsten. Then, in 1875, another Frenchman named Brustlein recognized the importance of carbon levels in addition to chromium. Stainless steels need to have a very low level of carbon at 0.15%. While many others investigated the chromium/iron composition, the difficulty in obtaining the low carbon levels persisted for many years until low carbon ferrochrome became commercially available. (Source: The Stainless Steel Information centre: www.ssina.com)

In 1913, English metallurgist Harry Brearly, working on a project to improve rifle barrels, accidentally discovered that adding chromium to low carbon steel gives it stain resistance. In addition to iron, carbon, and chromium, modern stainless steel may also contain other elements, such as nickel, niobium, molybdenum, and titanium. Nickel, molybdenum, niobium, and chromium enhance the corrosion resistance of stainless steel. It is the addition



of a minimum of 12% chromium to the steel that makes it resist rust, or stain 'less' than other types of steel. The chromium in the steel combines with oxygen in the atmosphere to form a thin, invisible layer of chrome-containing oxide, called the passive film. The sizes of chromium atoms and their oxides are similar, so they pack neatly together on the surface of the metal, forming a stable layer only a few atoms thick.

If the metal is cut or scratched and the passive film is disrupted, more oxide will quickly form and recover the exposed surface, protecting it from oxidative corrosion. (Iron, on the other hand, rusts quickly because atomic iron is much smaller than its oxide, so the oxide forms a loose rather than tightly-packed layer and flakes away.) The passive film requires oxygen to self-repair, so stainless steels have poor corrosion resistance in low-oxygen and poor circulation environments. In seawater, chlorides from the salt will attack and destroy the passive film more quickly than it can be repaired in a low oxygen environment.

What is Stainless Steel and Why is it Stainless?

Types of Stainless Steel

The three main types of stainless steels are Austenitic, Ferritic, and Martensitic. These three types of steels are identified by their microstructure or predominant crystal phase.

Austenitic:

Austenitic steels have austenite as their primary phase (face centered cubic crystal). These are alloys containing chromium and nickel (sometimes manganese and nitrogen), structured around the Type 302 composition of iron, 18% chromium, and 8% nickel. Austenitic steels are not hardenable by heat treatment. The most familiar stainless steel is probably Type 304, sometimes called T304 or simply 304. Type 304 surgical stainless steel is an austenitic steel containing 18-20% chromium and 8-10% nickel.

Ferritic:

Ferritic steels have ferrite (body centered cubic crystal) as their main phase. These steels contain iron and chromium, based on the Type 430 composition of 17% chromium. Ferritic steel is less ductile than austenitic steel and is not hardenable by heat treatment.

Martensitic:

The characteristic orthorhombic martensite microstructure was first observed by German microscopist Adolf Martens around 1890. Martensitic steels are low carbon steels built around the Type 410 composition of iron, 12% chromium, and 0.12% carbon. They may be tempered and hardened. Martensite gives steel great hardness, but it also reduces its toughness and makes it brittle, so few steels are fully hardened. There are also other grades of stainless steels, such as precipitation-hardened, duplex, and cast stainless steels. Stainless steel can be produced in a variety of finishes and textures and can be tinted over a broad spectrum of colors. (Source: chemistry.about.com/cs/metalsandalloys/a/aa071201a.htm)

Stainless steel is 100% recyclable. An average stainless steel object is composed of about 60% recycled material of which $\approx 40\%$ originates from end-of-life products and $\approx 60\%$ comes from manufacturing processes. In metallurgy, stainless steel, also known as inox steel or inox, is defined as a steel alloy with a minimum of 10.5[1] or 11% chromium content by mass.[2] Stainless steel does not stain, corrode, or rust as easily as ordinary steel (it stains less, but it is not stain-proof).[3] It is also called corrosion-resistant steel or CRES when the alloy type and grade are not detailed, particularly in the aviation industry. There are different grades and surface finishes of stainless steel to suit the environment to which the material will be subjected in its lifetime. Common uses of stainless steel are cutlery and watch cases and bands.



Stainless steel differs from carbon steel by the amount of chromium present. Carbon steel rusts when exposed to air and moisture. This iron oxide film (the rust) is active and accelerates corrosion by forming more iron oxide. Stainless steels have sufficient amounts of chromium present so that a passive film of chromium oxide forms which prevents further surface corrosion and blocks corrosion from spreading into the metal's internal structure.

Stainless steel's resistance to corrosion and staining, low maintenance, relatively low cost, and familiar luster make it an ideal base material for a host of commercial applications. There are over 150 grades of stainless steel, of which fifteen are most common. The alloy is milled into coils, sheets, plates, bars, wire, and tubing to be used in cookware, cutlery, hardware, surgical instruments, major appliances, industrial equipment, and as an automotive and aerospace structural alloy and construction material in large buildings. Storage tanks and tankers used to transport orange juice and other food are often made of stainless steel, due to its corrosion resistance and antibacterial properties. This also influences its use in commercial kitchens and food processing plants, as it can be steam cleaned, sterilized, and does not need painting or application of other surface finishes.

Stainless steel is also used for jewellery and watches. The most common stainless steel alloy used for this is 316L. It can be re-finished by any jeweller and will not oxidize or turn black.

Some firearms incorporate stainless steel components as an alternative to blued or parkerized steel. Some handguns, such as the Smith & Wesson Model 60 and the Colt M1911 can be made entirely from stainless steel. This gives a high-luster finish similar in appearance to nickel plating; but, unlike plating, the finish is not subject to flaking, peeling, wear-off due to rubbing (as when repeatedly removed from a holster over the course of time), or rust when scratched. (Source: en.wikipedia.org/wiki/Stainless_steel)

Stainless steel pipe and tubing

Stainless steels are iron-based alloys usually containing at least 11.5% chromium. Other elements, nickel being the most Important, may be added in combination with chromium to obtain special properties. Stainless steels are highly resistant to corrosive attack and to oxidation at high temperatures. In general, resistance to corrosion and oxidation increases progressively, though not proportionately, with the increase in chromium content.

Stainless steel pipe and tubing are used for a variety of reasons: to resist corrosion and oxidation, to resist high temperatures, for cleanliness and low maintenance costs, and to maintain the purity of materials which come in contact with stainless. The inherent characteristics of stainless steel permit the design of thin wall piping systems without fear of early failure due to corrosion. The use of fusion welding to join such piping eliminates the need for threading.

Type 304 stainless is the most widely used analysis for general corrosive resistant tubing and pipe applications, it is used in chemical plants, refineries, paper mills, and food processing industries. Type 304 has a maximum carbon content of 0.08%. It is not recommended for use in the temperature range between 800°F and 1650°F due to carbide precipitation at the grain boundaries which can result in inter-granular corrosion and early failure under certain conditions.

Type 304L is the same as 304 except that a 0.03% maximum carbon content is maintained which precludes carbon precipitation and permits the use of this analysis in welded assemblies under more severe corrosive conditions. Type 316 is much more resistant to pitting than other chromium nickel alloys due to the addition of 2% to 3% molybdenum. It is particularly valuable wherever acids, brines, sulphur water, seawater or halogen salts are encountered. Type 316 is widely used in the sulphite paper industry and for manufacturing chemical plant apparatus, photographic equipment, and plastics.

Type 316L, like 304L, is held to a maximum carbon content of 0.03%. This permits its use in welded assemblies without the need of final heat treatment. It is used extensively for pipe assemblies with welded fitting.

Other fields where stainless steel pipe and tubing are used are: aviation, electronics, automotive, cryogenic, marine, air conditioning and heating, medical, architectural and textiles. In India manufacturing of Stainless Steel Welded pipes started in 1971 in 1981 the manufacturing of seamless tubes was initiated , and in 1993 manufacturing of hot finish hollows was started.

The global size of stainless steel is approximately 28 million tones , while the domestic size of stainless steel is 2 million tones in India. .(Source: http://www.indpipe.com/images/PDF/stainless_steel_pipe_specification.pdf, <http://www.metal-supply.com/portal-b2b/article/view.html?id=45963>, <http://www.stainlessindia.org/UploadPdf/DUBAI.pdf>)

Categorywise production for sale of finished steel (non-alloy) for 2008-09

(‘000 tonnes)

Category	2007-08				2008-09 (Prov.)			
	M.P.	Others	IPT/OC	Total	M.P.	Others	IPT/OC	Total
Non-Flat Products								
Bars & Rods	5,313	14,875	-	20,188	5,186	15,500	-	20,686
Structurals/Special Sections	1,003	4,040	-	5,043	935	4,210	-	5,145
Rails & Railway Materials	951	135	-	1,086	1,012	165	-	1,177
Total (Non-flat product)	7,267	19,050	-	26,317	7,133	19,875	-	27,008
Flat Products								
Plates	2,688	1,369	-	4,057	2,498	1,495	-	3,993
H R Coils/Skelp/ Strips	4,707	8,977	2,010	11,674	4,577	9,730	3,300	11,007
H R Sheets	302	455	-	757	277	315	-	592
C R Coils/Sheets/ Strips	1,891	5,560	3,012	4,439	1,657	5,145	2,200	4,602
GP/GC Sheets	729	3,652	-	4,381	711	3,870	-	4,581
Electric Sheet	81	78	-	159	71	92	-	163
Tin Plates	15	168	-	183	19	193	-	212
T M B P	-	6	-	6	-	-	-	-
Tin Free Steel	-	-	-	-	-	-	-	-
Total (Flat Products)	10,413	20,265	5,022	25,656	9,810	20,840	5,500	25,150
Pipes (Large diagonal)								
3. Pipes (Large diagonal)	85	1,250	-	1,335	77	1,285	-	1,362
Total (Fin. Carbon Steel)	17,765	40,565	5,022	53,308	17,020	42,000	5,500	53,520

(Source: Ministry of Steel: Annual Report 2008-09)

Per Capita Consumption of Stainless Steel in India and other countries is given in the table below :

Countries	2008-2009
India	1.2 kg
China	6 kg
Japan	16 kg
Germany	21 kg
South Korea	24.6 kg
Italy	30 kg

(Source: ww.indiapages.in/INDINOX.htm)



The above figures shows that the per capita consumption in India which is 1.2 kg as compared to China's 6 kg and Italy's 30 kg has great potential for growth in future. Thus it is obvious that India will be having great demand in future in Stainless Steel products to fill up the per capita gap.

Industry Outlook

The benefit of Stainless Steel is quite evident and now there is increasing awareness of the product. Apart from good demand in existing industrial use, there is a shift from using MS steel pipe and copper pipe to using Stainless steel. Many new areas are also adding to demand for example, in plumbing also builder has started using stainless steel pipe. Projections for 2010 to 2015 suggest a 4.2% annual growth in world wide stainless steel demand, with growth reaching 7.7% per year for India and 6.2% per year for China during the same period. There is increasing use of Stainless Steel pipe in Automobile, Interior Decoration, Railway Coaches, Shopping Malls and Multiplexes. For the last few years, Stainless Steel industry has been witnessing a boom period. Global demand for Stainless Steel has become very strong. In India too because of so many infrastructural projects and vast expansion of construction activities coming up, demand for Stainless Steel Welded & Seamless Pipes & tubes is very strong. The growth in infrastructure segment by the Government/Public/Private not only in India but across the world is the major demand driver for this segment (Source: <http://www.indiapages.in/INDINOX.htm>)

Total Consumption of Stainless Steel Seamless and Welded Pipes in India and other countries is given in the table below:

Countries	2008-2009 (metric tonnes)
India	145,000 MT
US	245,000 MT
China	600,000 MT
Japan	320,000 MT
Europe	560,000 MT

(Sources : Mindsight Consulting – Research Agency)



BUSINESS OVERVIEW

Prakash Steelage Limited ('PSL') was incorporated on 09/05/1991 vide Certificate of Incorporation no. 11-61595 of 1991 issued by the Registrar of Companies, Maharashtra. PSL is a flagship company of Prakash Group. We are engaged in the manufacturing of seamless & welded stainless steel Pipes, Tubes and U-tubes. We carry our production through our two state-of-the-art production units situated at Silvasa and Umbergaon (Gujarat) with total installed production capacity of 15,600 MTPA.

We are an ISO 9001: 2008 & PED certified Company. We are also a "Govt. Recognized Star Export House" exporting to several MNC's into more than 40 countries across the Globe. To meet the increasing demand, we propose a backward integration cum expansion of manufacturing facilities at our existing unit in Umbergaon.

We started with a capacity of 4,000 MTPA in the year 1996, increased our capacity to 12,200 MTPA in the year 2007 by setting up our new state of the art plant in Umbergaon. Going ahead further we have also added another 3,400 MTPA making the total to 15,600 MTPA out of the proposed expansion plan of 19,000 MTPA.

Competitive Strengths

We entered the business of manufacturing stainless steel welded & seamless pipes and tubes. We are an ISO 9001-2008 certified Company, with a legacy of over 19 years of presence in the industry. We believe that following are our principal competitive strengths:-

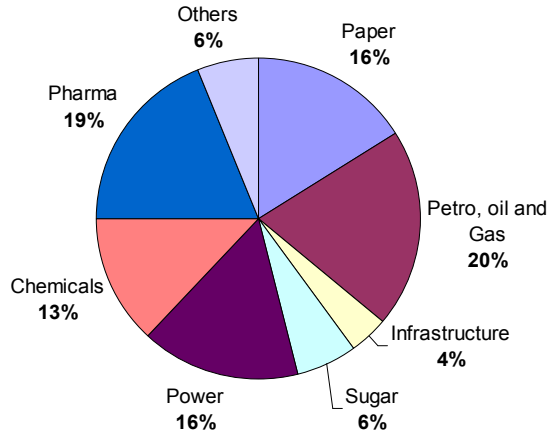
- 1. Strong management Team:** Our Company is managed by a team of professionals led by the Chairman & Managing Director Mr. Prakash C. Kanugo. The promoter and the senior management team of our Company have significant industry experience and have been instrumental in the consistent growth of the Company's income and operations. For further details on education, experience and other details of our Management and our Key Managerial Personnel please refer page no 85 & 96, respectively.
- 2. Relationship with established players in industry:** Our customer base includes a diverse set of industries including Oil & Gas, Power, Pharmaceutical, Petrochemical, Sugar, Dairy, Automobile etc. Our products have found wide acceptance in the markets of North America, South East Asia, Africa, Middle-East and Europe. Our Top Ten client base based on the sales value of the products supplied to them for the year ended March 31, 2010 are BGR Energy Systems Limited, Bharat Heavy Electrical Ltd. Hyderabad, KBK Chemie Ltd., Chandan Steel Ltd., Kudos Chemie Ltd., Mojj Engineering Systems Ltd., Praj Industries Ltd., Steelage Overseas Private Ltd., Unitech Machine Ltd. and Top Honest INC. The Company is well poised to benefit from this strong relationship with the industry players enabling the Company to provide better services to its customers.
- 3. Multiple products:** The Company manufactures a wide range of products based on the customer specifications. This allows the Company to cater to the diverse demands of its customers and to consolidate and establish its presence across regions.
- 4. New Products in pipeline:** The Company plans to foray into Duplex, Super Duplex and Super Austenitic pipes / tubes (these are kind of pipes/ tubes distinguished on the basis of the materials used in it).
- 5. Selling and Distribution network:** We have gradually developed our selling and distribution network over a period of time. We have successfully developed an extensive clientele in sectors such as : Oil & Gas, Power, Pharmaceutical, Petrochemical, Sugar, Dairy, Automobile etc. We have developed our marketing network in various cities such as Ahmedabad, Delhi, Hyderabad, Chennai and Mumbai by appointing marketing personnel in the respective areas/states who are on the permanent rolls of the Company. The marketing team caters to the clients with timely delivery of products.



6. **Locational Advantages:** We have both our units situated at Silvasa and Umbergaon (Gujarat) which is well connected by road and rail and is in close proximity to JNPT port. This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.

Industry breakup

Breakup of Industry where we supplied our products as on 2009-10 (the % of various products given below are approximate basis):



Products

Prakash Steelage Ltd. specializes in meeting specific requirements of customers and offers complete solution for stainless steel welded & seamless pipes and tubes. The different products manufactured by the Company includes the following. The product varies depending on its type, shape and size.

- S.S. Welded Tubes
- S.S. Welded Pipes
- S.S. Efw Pipes
- S.S. Seamless Tubes
- S.S. Seamless Pipes
- Square
- U Bend Tubing
- S.S. Grades

Stainless Steel Seamless Pipes & Tubes

Demand for SS seamless pipes and tubes is mainly derived from the important sectors like hydrocarbon, petrochemical, power generation engineering, sugar, dairy, pharmaceutical, chemicals & fertilizers, infrastructure, furniture, automobile, interior decoration, railway and hence investment in these sectors would result in higher demand for SS pipes. Due to the recent awareness and the durability / corrosion resistance issues, the demand for SS pipes is expected to increase in the coming years. Stainless Steel Seamless Pipes and Tubes are manufactured in the following conditions : Annealed/Unannealed , Annealed and Pickled , Bright Annealed , U - Bent. The SS Seamless & welded tubes & pipes market is very independent compared to other markets of carbon & alloy steel seamless market.

The major players in the domestic market are Ratnamani Metals , Suraj Stainless etc. Prakash Steelage Ltd. holds good market share in the stainless steel seamless pipes and tubes segment and has built a great brand value and consumer trust in this segment. The domestic demand presently for seamless steel pipes and tubes is 26,600 tons ,



which is expected to go up to 60,000 tons by 2015/16. The top players globally in seamless pipes and tubes are Sandvik / Centraviv / Tubacex / TPS – Technitube (Source: www.stainlessindia.org/uploadpdf.gssso.pdf)

Stainless Steel Welded Steel Pipes & Tubes

Stainless Steel Welded pipes and tubes find application in petrochemical, fertilizer, power and nuclear plants along with other corrosion resistant applications. Stainless Steel welded pipes and tubes are manufactured in the following conditions: welded, annealed/un-annealed, Bright annealed, Annealed and pickled, U-bent, Bead rolled, OD Conditioned, Straight Lengths.

There are currently 100 small and medium scale units and 4 to 5 organized units i.e Ratnamani , Prakash Steelage Ltd. , Suraj Stainless etc. engaged in the manufacture of Stainless Steel Welded Steel Pipes & Tubes. The domestic demand presently for stainless steel welded pipes and tubes is 95,000 metric tons which is expected to increase up to 253,000 metric tons by the year 2015/16. The top players globally in this segment are Valmet/ Tubacex/ Centraviv. There is adequate capacity of the manufacture of these types of pipes and tubes. The capacity utilization for the manufacture of Welded Pipes has improved substantially. (Source: www.stainlessindia.org/uploadpdf.gssso.pdf)

U bent Tubes

PSL has an advanced automatic CNC tube bending facility with a capacity to cold bend tubes of 15.87 mm OD to 38.10, mm (1.5 D) Radius and upto 3.38mm wall thickness with 1500 mm center line radius. Available U-Bent, precision trimmed and deburred to customer specification

SS Grades

PSL produces seamless and welded pipes and tubing in stainless steel and duplex to most of the common specification. PSL also produces tubes and pipes to many other national and international standards including DIN, AMS, BS, MILT, and EN. The range of products manufactured by us are as follows:

Grade	UNS Designation	ASTM
Austenitic Stainless		
304	S 30400	A249, A269, A688, A270,A312, A498, A554
304L	S 30403	A249, A269, A688, A270,A312, A498, A554
304H	S 30409	A249, A269, A688, A270,A312, A498, A554
316	S 31600	A249, A269, A688, A270,A312, A498, A554
316L	S 31603	A249, A269, A688, A270,A312, A498, A554
316H	S 31609	A249, A269, A688, A270,A312, A498, A554
321	S 32100	A249, A269, A688, A270,A312, A498, A554
310S	S 31008	A249, A269, A688, A270,A312, A498, A554
347	S 34700	A249, A269, A688, A270,A312, A498, A554
Ferretic Stainless		
409	S 40900	A268, A803, A498
439	S 43035	A268, A803, A498
439I	S 43035	A268, A803, A498
Martensitic Stainless		
410S	S 41008	A268
In the future PSL plans to manufacture Pipes and Tubes in the following grades :		



Grade	UNS Designation	ASTM
Duplex Stainless		
2205	S 31803	A789
Commercial Pure Titanium		
Grade 1	R 50250	B338
Grade 2	R 50400	B338
High Nickel Alloys		
200	N 02200	B730
201	N 02201	B730
625	N 06625	B704
825	N 08825	B704
ALLOY 20	N 08020	B468

Application of the products

The Stainless Steel Seamless and Welded Pipes and Tubes manufactured by the Company are useful in manufacturing of various segments such as:

Application in Industries	
Chemical & Fertilizers	Pulp & Paper
Pharmaceutical	Food
Railway Coaches	Petrochemical & Refinery
Refrigeration	Oil & Gas
Desalination	Sugar
Decorative	Automobile
Dairy	Power industries
Breweries	Synthetic Fibers
Pipe lines	Pesticides
Furniture Industry	Ornamental Industry

Application in Equipments	
Instrumentation	Evaporators
Heating Elements	Fluid Piping
Digesters	Exhaust Piping
Heat Exchangers	Pumps
Valves	Condensers

Product Range

Below are the variants in the products manufactured by us:

Based on Sizes

Products	Outer Diameter	Thickness	Schedule
S.S. Welded Tubes	6 Mm To 114.3 Mm	0.5 Mm To 6.0 Mm	ASTM A-249 , A-269 , A-270
S.S. Welded Pipes	1/8" to 2" Nb	Upto Schedule 80	ASTM A-312
	2" Nb TO 4" NB	Upto Schedule 40	
	Above 5"NB TO 8" NB	Upto Schedule 40	



Products	Outer Diameter	Thickness	Schedule
S.S. EFW Pipes	125 Mm To 610 Mm	2.0 Mm To 20.0 Mm	ASTM A -358
S.S. seamless Tubes	6.0 Mm To 114.3 Mm	Min 0.45 Mm	ASTM A-213 , A-269 , A-270
S.S. Seamless Pipes	1/8" To 12" Nb	Available In All Schedules	ASTM A-312
U Bend Tubing	15.87 Mm To 38.1 Mm	Upto 3.38 Mm Leg Length : 10 Mtr Center Line Radius 1500 Mm	ASTM A-688 , A-213

Based on Stainless steel Grades

304 , 304L , 304H , 316 , 316L , 316 TI , 321 , 347 , 347H , 310S , 317 , 317L , 400 Series , Duplex Series.

Based on Finish

- Mill Finish
- Annealed , Pickled , & Passivated Finish
- Bright Annealed (For The Power Sector)
- Polish Finish

Based on Lengths

- Random Lengths / Fixed Lengths
- Upto 24 Meters in Straight Length

Equipments

Our main production equipment for the manufacture of seamless and welded pipes and tubes are:

- Hot Mill for the Manufacture of S.S Seamless Mother Hollows
- Online welded tube-mills with online bright annealing, polishing, eddy current testing and marking .
- Mannesmann Pilger-mills
- Automated draw benches
- Automated straightening machine
- Off line bright annealing furnace
- Automated Hydro-testers connected with printer

Client

Our Top Ten client base based on the sales value of the products supplied to them for the year ended March 31, 2010 are as follows:

- BGR Energy Systems Limited
- Bharat Heavy Electrical Ltd. Hyderabad
- KBK Chemie Ltd.
- Chandan Steel Ltd.
- Kudos Chemie Ltd.
- Mojj Engineering Systems Ltd.
- Praj Industries Ltd.
- Steelage Overseas Private Ltd.
- Unitech Machine Ltd.
- Top Honest INC.



Our top ten clients in the export market based on the sales value of the products supplied to them for the year ended March 31, 2010 are as follows:

- Aminco China LLC, China
- A. Hadi ,Saudi Arabia
- Bronswerk Heat Transfer BV, Nijkerk, Netherlands
- City Trade Company, Egypt
- Cunado, Spain
- Gea process engg. SPA.
- Salem Steel North America, L.L.C, USA
- S.A.S, Norway
- Serck Service Ltd., Dubai
- STI Ltd., UK

Research and Development

The products we manufacture go through exhaustive R & D and rigorous inspection. Continuous standardized quality assurance, control and improvement programs ensure the best possible product and extremely competitive prices. To ensure that our products are of good quality, we have a sophisticated testing facility to carry out Eddy Current, Spector Max - Germany , PMI , Physical Testing (Destructive Testing) , Microscope with image Analyser , Hydro Tester with online printer , Air Under Water Tests etc. as per domestic and international standards.

Export

We are a “Govt. Recognized Star Export House” exporting to several MNC’s into more than 40 countries across the Globe. We do not have any export obligation but our products are exported to Countries round the globe. We export our products to Countries like North America, South East Asia, Africa, Middle-East and Europe. We enjoy credible relationship with Aminco China LLC (China), A. Hadi (Saudi Arabia), Bronswerk Heat Transfer BV Nijkerk, (Netherlands), CT Co. (Egypt), Cunado (Spain), Gea process engg. SPA., Ssna, LLC (USA), S.A.S, (Norway), Serck Service Ltd. (Dubai) and STI Ltd., (UK)

The major customers of the Company are located at Europe and USA. Given below are export figures for the last three years:

Year	Exports (Rs. in Lacs)	Net Sales (Rs. in Lacs)	Exports as a percentage to Net Sales (%)
2007-08	1392.82	21,943.84	6.35
2008-09	3354.34	29,064.76	11.54
2009-10	2846.80	43710.38	6.51

Business strategy

We are into the business of stainless steel pipes, tubes for more than 19 years. Since inception, we have made efforts to place ourself in a competitive position in the industry by proactively responding to our customer requirements. We want to leverage our strength to our benefit in future so as to become an effective player in the steel industry tube industry. We wish to continue to supply our products to corporate houses, increase our market share in the industry, produce quality products at the competitive rates, adopt one of the best human resource practices and also secure various certifications for standards and quality improvement. We plan to boost our export in South East Asia and other Western countries by participating in trade fairs and exhibitions all over the World.



Marketing Set up

Our Company is into the manufacturing of seamless & welded stainless steel Pipes, Tubes and U-tubes. With our technical expertise and quality products, we over the years have earned a good reputation in the stainless steel tube industry. Our Directors have management skills and are proven entrepreneurs having considerable experience in the steel industry. Our Company has adopted a pro-active marketing policy with a trained team comprising of an executive alongwith 7 sales co-ordinators. The team represents our Company in the various trade fairs and exhibitions across the globe. Apart from the above we also have wide distribution networks in various cities such as Ahmedabad, Delhi, Hyderabad, Chennai, Mumbai by appointing marketing personnel in the respective areas/states

Marketing Strategy

We market our products by increasing competitiveness in the market, through reduction in the overall cost of production and developing our network. We have our marketing network in various cities such as Ahmedabad, Delhi, Hyderabad, Chennai, Mumbai developed through appointment of marketing personnel in the respective areas/states who generate Sales through direct marketing participate in various contracts floated by different companies. Our sales department visit the client on an ongoing basis. We also participate in exhibitions and trade fairs organized in India and across the globe and display our wide range of products. Our manufacturing units have acquired various approvals and certifications from various agencies i.e. Government Recognised Star Export House , ISO 9001-2000/2008 certification for Quality Management Systems , EIL Approval, IBR Approval , ISO 14001-18001 certification for Environment and Safety. We have been securing government tenders from various public sector companies on a regular basis such as: Numaligarh Refinery Limited, Indian Oil Corporation Limited, Liquid Propulsion Systems Centre, Bhabha Atomic Research Centre, Mangalore Refinery & Petrochemicals Ltd. etc.

Properties

Owned Property:

The details of the immovable properties which are registered in the name of the Company are given below:

Sr. No.	Particulars of the Property	Area
Factory Unit - I: Survey No. 46/1, Perjai Road, Village Kherdi, U.T. of Dadra & Nagar Haveli, Silvassa – 396 230 (India)		
1	Survey No. 46/1, 46/2, 46/3 Kherdi, Dadra Nagar Haveli, Silvassa	7500 Sq. Mtrs
Factory Unit - II: Plot No. 131/1, Umbergaon Sanjan Road, Umbergaon – 396171, Dist. Valsad - Gujarat (India)		
1	Survey No. 138/3/p4, 138/4, 138/3/p2 and 131/1 Umbergaon.	5H-77 Are-19 Sq. mtrs & 0 H-14 Are-11.5 Sq.Mtrs.
Others		
1.	Survey No. 66/4, 66/6, 71, 82/1+2, 165 & 166 Palgaon, Umbergaon.	1 H-72 Are-48 Sq.Mtr.& 0 H-39 Are-46 Sq.Mtr.
2.	Survey No. 133/1, 138/1, 138/2, Umbergaon	1H-19 Are-97 Sq.Mtr.
3.	Survey No. 65/P1 and 167/P1 Palgaon, Umbergaon.	2 H-61 Are-23 Sq.Mtr.
4.	Survey No. 63, 64/p13, 67 and 81/1+2 Palgam Umbergaon	4H-45 Are-15 Sq.Mtr.&



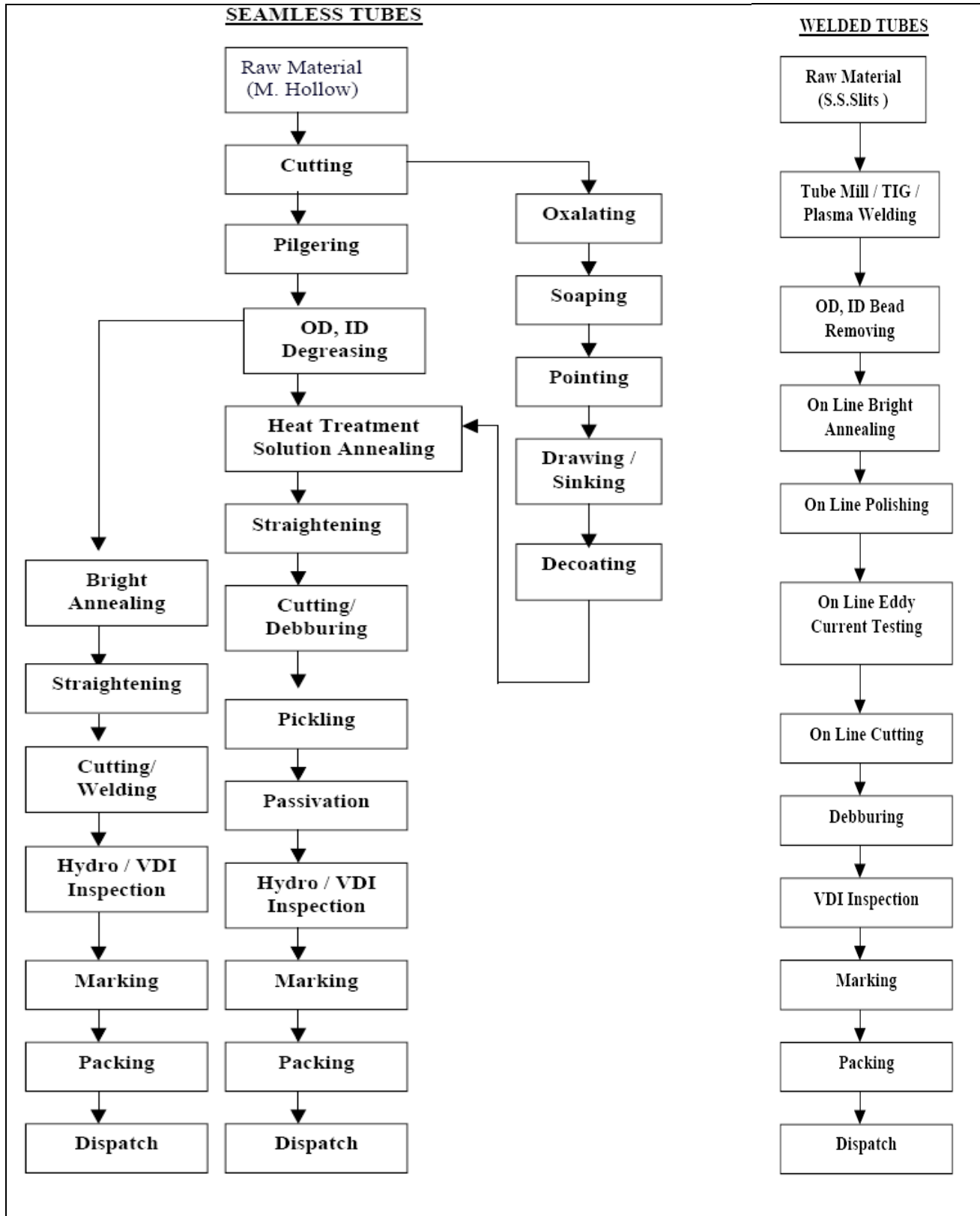
Sr. No.	Particulars of the Property	Area
		0 H-70 Are-83 Sq.Mtr.
5.	Survey No. 66/1+2+5+6, 66/3/P1 and 66/7/P1 Palgaon, Umbergaon.	1H-19 Are-97 Sq.Mtr
6.	Survey No. 145 Umbergaon	0 H-25 Are-06 Sq.Mtr.
7.	Survey No. 5/2/1 Umbergaon	1 H-06 Are-23 Sq.Mtr.
8.	Survey No. 144/p10 Umbergaon.	1H-73 Are-00 Sq.Mtr.
9.	Survey No. 61/1, Plot No. 145 in Nand Dham Project, Palgam, Valsad	2650 sq. ft,
10.	Survey No. 61/1, Plot No. 144 in Nand Dham Project, Palgam, Valsad	4555 sq. ft.
11.	Survey No. 61/1, Plot No. 143 in Nand Dham Project, Palgam, Valsad	3300 sq. ft
12.	Survey No. 61/1, Plot No. 142 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
13.	Survey No. 61/1, Plot No. 141 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
14.	Survey No. 61/1, Plot No. 140 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
15.	Survey No. 61/1, Plot No. 139 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
16.	Survey No. 61/1, Plot No. 138 in Nand Dham Project, Palgam, Valsad	3700 sq. ft.
17.	Survey No. 61/1, Plot No. 137 in Nand Dham Project, Palgam, Valsad	3160 sq. ft.
18.	Survey No. 61/1, Plot No. 129 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
19.	Survey No. 61/1, Plot No. 128 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
20.	Survey No. 61/1, Plot No. 127 in Nand Dham Project, Palgam, Valsad	2400 sq. ft.
21.	Survey No. 61/1, Plot No. 132 in Nand Dham Project, Palgam, Valsad	3199 sq. ft.

Leased properties

Sr. No.	Location	Licensor	Rent (Rs. in lacs)	Deposit (Rs. in lacs)	Area	Period of Agreement
Registered office						
1	Office No. 701, 7 th Floor, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai - 400 026	Ashok M Seth (HUF) & MR. Kamal P Kanugo	7.20	132.00	1861 square feet	3 Years Commencing from: August 1, 2009
Office						
2	Office no. 702, 7 th Floor, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai - 400 026	Prakash C Kanugo (HUF) & Ms. Ekta Hemant Kanugo	9.60	168.00	2206 square feet	3 Years Commencing from: August 1, 2009
Warehouse						
3	Plot no. 1206, Road no. 26, Sector KWC, Kalamboli, Navi Mumbai	Mr. Prakash C Kanugo	0.60	Nil	250 square meters	3 Years Commencing from: August 1, 2009



Manufacturing Process





Stainless steel Seamless Tubes & Pipes

Hot rolled annealed and pickled hollows are used as the raw material for the Pilger mills. Those hollows are cut to required length and are rolled between dies and over the mandrel, at the same time tube is fed and turned during each stroke of the roll stand, the finished tube is then degreased thoroughly from inside and outside surface in order to remove oil. In case of draw bench, the pipes / tubes are lubricated to avoid any friction between draw dye and plug, to be followed by dye coating.

Finishing

The thoroughly cleaned tubes are charged to solution annealing Furnace. The tubes/pipes are solution annealed at 1040 degree centigrade for a predetermined soaking time and quenched immediately by spraying Water. The solution annealed pipes / tubes bends because of stresses relieved and it is then straightened, cut / deburred followed by pickling and Hydro- tested as per the required standard. After 100% visual dimension inspection and eddy current testing, if desired by customer or third party, inspection of the material is marked as per requirement, packing generally in Hessian cloth and wooden box packing.

Stainless steel Welded Tubes & Pipes:

Tube Mills

Stainless steel slitted strip is fed from uncoiler. Tubes are formed automatically on different lines with the use of rolls used for forming and sizing. It is then followed by automatic TIG/ PLASMA welding process which is done without any addition of the filler metal. The welding bead line is polished with the help of automatic bead polishing machine which is installed on the line. The tubes are then passed through sizing rolls to ensure ovality and tolerance.

Finishing

The thoroughly cleaned tubes are charged to solution of annealing. The tubes/pipes are solution annealed at 1040 degree centigrade for a predetermined soaking time and quenched immediately by spraying Water. The solution annealed pipes / tubes bends because of stresses relieved and it is then straightened, cut / deburred followed by pickling and Hydro- tested as per the required standard.

After 100% visual dimension inspection and eddy current testing, if desired by customer or third party, inspection of the material is marked as per requirement, packing generally in Hessian cloth and wooden box packing.

Capacity

Existing Installed Capacity

Particulars	For the Financial Year			
	2006-07	2007-08	2008-09	2009-10
Installed Capacity (MT)	4,000	12,200	12,200*	15,600
Capacity Utilization (MT)	4,861.15	4,305.72	6,797.48	10699.27
Capacity Utilization (%)	121.53	35.29	55.72	68.59

* Further 3400 MTPA capacity was added just before the year end.

- o Installed capacity is based on optimum utilization of installed machinery for 2 shifts per day at Unit I (Silvassa) and 3 shifts per day at Unit II (Umbergaon).
- o Number of Working days in a year is 344 days.



Proposed Capacity (As Per Company's Estimate)

Particulars	For the Financial Year	
	2010-11	2011-12
Installed Capacity (MT)	19,000	19,000
Capacity Utilization (MT)	16,000	17,500
Capacity Utilization (%)	85	93

Competitors

Just like any other industry there is competition in our industry also, we mainly compete with other stainless steel pipe manufacturers in organized sector on the basis of availability of product, product range, product traits, quality, assortment and other factors based on price, reputation, customer service and customer convenience. Some of our competitors in the domestic market are Ratnamani Metal Limited, Suraj Stainless Limited, Rajendra Engineering and Mechanical Industries Limited. We also face competition in overseas market. In Europe there are companies like TPS (Germany), Tubacex (Spain), Speciality Steels (USA), Sandvick (Sweden) etc.

To counter further competition, we are proposing expansion of our business activity so as to achieve diverse product portfolio, economies of scale and cost competitiveness.

Company Trade Mark Registration:

Company has filed for the registration of following trade marks under the class 6 of the Trade Marks Act 1999 and obtained provisional registration. The details of the same are as follows:

Sr. No.	Provisional No.	Date of Application	Trade Mark Name	Class in respect of which application has been made
1.	1844849	28/07/2009	Logo of the Company	6
2.	1844850	28/07/2009	Name 'Prakash Steelage Limited'	6

The Company has received a communication dated July 5, 2010 from the office of Registrar of Trade Marks, Mumbai informing them about the receipt of the following Notices of Opposition to the application filed by the Company for registration of mark "Prakash Steelage Limited" filed under Application No. 1638478 in class 6. for further details in this regard, please refer to the section Government/Statutory and Business Approvals appearing on page no. 189 of this Offer Document.

Quality Certification

We have obtained certain quality certificates, detailed hereunder:

Certificate	Date of Certificate	Issuing body	Description
ISO-9001-2000 (For Unit - I: Silvassa)	First Issue: 15/01/2002 Current Issue: 10/04/2008	RINA SpA, Genova, Italy	Certificate of quality management system
ISO-9001-2000, replaced by ISO 9001-2008 (For Unit - II: Umbergaon)	First Issue: 13/11/2007 Current Issue: 06/10/2009	RINA SpA, Genova, Italy	Certificate of quality management system
TUV CERT	20/04/2009	TUV Rheinland	Quality-Assurance system for



Certificate	Date of Certificate	Issuing body	Description
(For Unit - I: Silvassa)		Industrie Service GmbH, Cologne, Germany	material manufacturer
TUV CERT (For Unit - II: Umbergaon)	21/04/2008	TUV Rheinland Industrie Service GmbH, Cologne, Germany	Quality-Assurance system for material manufacturer
ISO-14001-2004	26/11/2009	Certification by RINA SpA, Genova, Italy	Certifying that the Environment Management System of the Company is in Compliance with the Standard.
BS OHSAS 18001-2007	26/11/2009	Certification by RINA SpA, Genova, Italy	Certifying that the Occupational Health and Safety Management System of the Company are in Compliance with the Standard.
Approval under IBR (Indian boiler registration) inspection	05/05/2008	Office of the Directors of Boilers, Gujarat	Approval of Firm for manufacturing of Stainless seamless Steel & welded pipes & Tubes under IBR (Indian boiler registration) inspection
Plant Approval Certificate	16/04/2008	Indian Registrar of Shipping, Varodra	Certifying that, smoothness is observed in Material Procuring, Production Line, overall management etc of the Company. Further, the system developed for production, QA/QC are in order and have found to meet the QA standards.
Enlistment with Engineers India Ltd.	09/07/2008	Engineers India Limited	Enlistment with EIL for the SS Piper/ tubes, mentioned therein.
Vendor Approval	23/03/2010	Kuwait National Petroleum Company (Kuwait)	Approval to supply our products.

Quality Assurance:

Product Quality and Customer satisfaction remains the main focus of the operations at PSL. We have full-fledged team concentrating on quality control and quality assurance system. We are ISO-9001 -2008, ISO-14001-2004, ISO-18001-2007 certified company

Our stringent quality assurance starts right from the receipt of raw materials at our factory and continues all the way from Process inspection to inspection of finish Products. We have a fully equipped in-house laboratory for mechanical, chemical, non destructive & destructive testing equipments, including radio active testing. Our quality assurance system has given us edge to ensure satisfaction to our valued customer base in the domestic & international market.



Utilities

Power

Our Company's manufacturing unit is located at Silvassa & Umbergaon, which are well developed industrial belt where the utilities like water power and manpower are easily available. Our present requirement Umbergon Unit is 1100 KVA which is fully released by Gujarat Electricity Board. We will require an additional power load of 250 KVA for the addition in capacity i.e; total requirement of about 1350 KVA of power load. All the units at Umbergaon would be having a combined connecting load of 1500 KVA and total peak time usages will be 1250 KVA. The Power requirement for main production equipments will be 1150 KVA, which will run for all three shifts. Other equipments & machineries will be operated in single shifts.

Our manufacturing unit located in Silvassa having present requirement of 400 KVA which is fully released by Electricity department - D&N. H, Silvassa.

Our Company has 2 DG sets one of 500 KVA installed at Umbergaon unit and the other of 325 KVA installed at Silvassa unit totaling to a generating capacity of 825 KVA which takes care of any power failure for uninterrupted production.

Water

The total consumption of water at both our units is 60 Kiloliters (KL) and 30 KL per day for drinking and for the purpose of manufacturing respectively. The requirement at Umbergaon will increase to 70 KL per day, post capacity expansion. Water is sourced through the local governing body and bore wells. We have six Bore-wells with two overhead tanks. The storage capacity of each tank 25 kl.

Manpower

We have a total staff strength of 443 employees, the breakup of which is as follows:

Sr. no	Category	No. of employees
1.	Sr. VP- Works Manager	10
2.	Sr. Manager -Assistance Manager	20
3.	Sr. Engineer - Engineers	37
4.	Supervisor-Staff	140
5.	Operator-fitters/technician	204
6.	Driver & Peon	32
	Total	443

We propose to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower shortly:

Sr. no	Category	No. of employees
1.	Sr. Manager -Assistance Manager	4
2.	Sr. Engineer - Engineers	8
3.	Supervisor-Staff	5
4.	Operator-fitters/technician	34
5.	Driver & Peon	3
	Total	54



Recruitment strategy, training programs & retention strategy

We have a professional set-up and a competent human resources division. We constantly attempt to devise employee-friendly policies to retain key management personnel and talent.

Raw Materials

The main raw materials used for the manufacturing of process are stainless steel bars, Stainless steel sheets and seamless hollow pipes.

The main suppliers of these are:

- Acerinox, Malaysia
- Baofeng Steel Group Co. Ltd., China
- Chandan Steel Limited
- JSL Limited
- Mukand Limited
- Rajputana Staineless Limited
- Shah Alloys Limited
- Quality Foils (India) Private Limited
- Wenzou Jiangnan Steel Pipe Mfg. Co. Ltd., China
- Steel Authority of India Limited

We also import raw material in the form of stainless steel coils mainly from South Africa, Spain, Middle East and Singapore

Plant & Machinery

The major plant and machineries at both units are as detailed hereunder:

Details of manufacturing equipments (Seamless)

Description	Type	Quantity
Piercing Hot Mill	-	1
1" Pilger Mill	Rolling	1
Ld - 15	Rolling	1
3.5 Pilger Mill Kpw	Rolling	1
Pilger - Lg- 60	Rolling	3
Pilger - Lg- 30	Rolling	9
Strightner Machine	Cross Roll	1
Strightner Machine	Cross Roll	1
Strightner Machine	Cross Roll	1
Cutting Machine	Electric	1
Cutting Machine	Electric	1

Details of Machines & equipments (Welded)

Welded Tubes

Description	Type	Quantity
Tube Mill -1	Auto	1
Tube Mill -2	Auto	1
Tube Mill -3	Auto	1
Pipe Cutting Machine	Auto	1

Details of Machines & Equipments (Draw tube/ Pipe)

Description	Type	Quantity
Draw Bench - J/ Sm -10	Electric Trolley	1
Draw Bench - P/ Dm-10	Electric Trolley	1
Draw Bench - P/ Dm-20	Electric Trolley	1
Draw Bench - P/ Dm-20	Electric Trolley	1
Hydraulic Pointing	Electric	1
Rotary Swaging	Electric	1
Rotary Swaging	Electric	2
Roller Pointing M/C	Electric	1

Details of Heat Treatment Furnace

Description	Capacity	Type	Quantity
Solution Annealing Furnace	750 Kg/ Hr	L.P.G Continuous	1
Solution Annealing Furnace	1250 Kg/ Hr	L.P.G Continuous	1
Bright Annealing Furnace	200 Kg/ Hr	Electric Continuous	1

Details of Surface Treatment Plant (STP)**(Pickling and Passivation)**

Description	Type	Quantity
Tanks for processes	Mechanized	12

Details of machines & equipments (U- Bend Tubes)

Description	Type	Quantity
U - Tube Bending Machine	Motorised	1
U - Tube Annealing Equipments	Electric	1
U - Tube Bending Machine	Electric	1

Details of machines & equipments (Handling equipment)

Description	Type	Quantity
E.O.T Crane	Single Hoist	3
E.O.T Crane	Double Hoist	7
Transfer Car	Electric	2

Details of hydrostatic and non destructive testing equipments

Description	Type	Quantity
Hydro tester (Small)	Automatic	1
Hydro tester (Big)	Automatic	1
Hydro tester (U- Tube)	Manual	1
Air Under Water Test	Automatic	1
Ultrasonic Testing Machine	Automatic	1
Eddy Current Testing M/C.	Coil Type	1



Equipments or machines available within the work in the laboratory

Description	Type	Quantity	Remarks
Universal Testing Machine (UTM)	Electronic	1	With Exenso
Hardness Tester	Rockwell	1	Digital
Hardness Tester	Vickers	1	Computerised
Weighing Machine	Electronic	1	Image Analyzer
Microscope	Inverted	1	Computerised
Spectrometer	Tabletop	1	Trials & R&D
PMI	Tabletop	1	Trials & R&D
Lab Furnace	Muffle	1	Trials & R&D
Hot Plate	Electric	1	-
Hot Plate	Electric	1	-
Polishing Machine	Double Disc	1	-
Belt Polishers	Double Disc	1	-

SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> Registered vendors of PSUs and large corporates Approved by reputed accredited inspecting agencies In depth knowledge about the domestic as well as international market. In house development of products based on application and client requirement. In house design of engineering development in product manufacturing process. Knowledge of Industry - Commercial & Technical. Established Manufacturing facility. Experienced management team. 	<ul style="list-style-type: none"> Dependency on economic growth Low Research & Development Investment Lack of nation-wide presence. Need to implement an ERP & develop management bandwidth to cope up with proposed expansion.
Opportunities	Threats
<ul style="list-style-type: none"> Steels tubes / steel / pvc products /hardware items have application in numerous industries as well as in daily use fabrication, construction, plumbing etc. Potential to add capacity in the existing facility. 	<ul style="list-style-type: none"> Industry is prone to change in government policies, any material changes in the duty may adversely impact our financials. The raw material prices are prone to price fluctuations which may adversely impact our profitability and financials. Competition from large as well as small organized sector.

INSURANCE

Details of insurance taken by the Company are as given below:

Sr. No.	Name of the Insurance Company	Policy No	Period		Location	Details	Sum Insured (Rs. in Lacs)	Premium (in Rs.)
			Begin Date	End Date				
1	The New India Assurance Company Limited	130200/11/10/11/00000172	26/05/2010	25/05/2011	Unit No. 2, S. No. 131/1, Umbergaon Sanjan Road	<ul style="list-style-type: none"> • Standard Fire & Special Perils Policy: Stocks • Standard Fire & Special Perils Policy: Building Plant & Machinery & Electrical Installation, furniture, fixtures and fittings. 	1700.00	40,783/-
		130200/11/10/11/00000723*	26/05/2010	25/05/2011	Umbergaon-396 171, Dist. Valsad	<ul style="list-style-type: none"> • Standard Fire & Special Perils Policy: Building Plant & Machinery & Electrical Installation, furniture, fixtures and fittings. 	1700.00 2500.00 200.00 200.00	110,355/-
2	United India insurance Co. Ltd.	181081/11/09/11/00001015	17/03/2010	16/03/2011	Survey No. 46/1 Parjai Road Silvassa factory	<ul style="list-style-type: none"> Standard Fire & Special Perils Policy: Building, Plant and Machinery, Electrical Installation Furniture, Fixtures & Fittings and Stocks 	1515.00	57,908/-
3	National Insurance Co. Ltd	261000/11/10/3300000035	16-04-2010	15-04-2011	1206-Kalamboli Warehousing Complex, Road No. 26, Sector KWC	Standard Fire & Special Perils Policy: Stock	1200.00	33,990/-
	United India	261000/100	08-04-2010	07-04-2011				



Sr. No.	Name of the Insurance Company	Policy No	Period		Location	Details	Sum Insured (Rs. in Lacs)	Premium (in Rs.)
			Begin Date	End Date				
	Insurance Co. Ltd.	0/11/10/3 300000024 120100/11/ 09/11/0000 22	19-03-2010	18-03-2011	Kalamboli New Mumbai		1000.00 600.00	28877 43414/-
5	The New India Assurance Company Limited	130200/42/ 10/03/0000 0177	26-05-2010	25/05/2011	S. No. 131/1, Umbergaon Sanjan Road- Umbergaon- 396 171, Dist. Valsad	Group Personal Accident Insurance Policy of total 752 persons including Directors, Functional heads, Sr. Managers, Managers, Staff, Trainees, Workers and Executive	1034.50	82,156
6	Bajaj Allianz General Insurance Company Ltd.	OG-10- 1901-1801- 00028516	15-12-2009	14-12-2010	S. No. 641 Parje Road, Village Kherdi, U T Dadra Nagar Haveli, Silvassa- 396230	Vehicle Insurance Policy: DN09E2060 BMW	56.65	1,33,457/-
7	Tata AIG General Insurance Company Ltd.	0100464877 00	16-01-2010	15-01-2011	Parjai Road, Kherdi, U T Dadra Nagar Haveli, Silvassa- 396230	Vehicle Insurance Policy: DN09F0510 Honda City	8.44	18,865/-
8	The Oriental Insurance Company Limited	124200/31/ 2010/3042	29-10-2009	28-10-2010	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09D094 8Honda Civic Dadra Nagar Haveli	8.00	18,160/-



Sr. No.	Name of the Insurance Company	Policy No	Period		Location	Details	Sum Insured (Rs. in Lacs)	Premium (in Rs.)
			Begin Date	End Date				
9	The Oriental Insurance Company Limited	124200/31/2010/1792	18-07-2009	17-07-2010	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09D211 3 Ford Fiesta	5.60	19,201/-
10	The Oriental Insurance Company Limited	124200/31/2010/11054	07-01-2010	06-01-2011	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09C272 0 Maruti Swift ZXi	2.40	7,433/-
11	Tata AIG General Insurance Co. Ltd.	0105065884-01	25-04-2010	24-04-2011	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09E2047 Honda City	N.A	12,064
12	The Oriental Insurance Company Ltd.	124200/31/2010/2459	09-09-2009	08-09-2010	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09C082 3 Honda City	2.50	9,335/-
13	Tata AIG Insurance	015063180000	12-03-2010	11-03-2011	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09E1835 Santro GLS	2.89	9,201/-
14	Tata AIG Insurance	010046633700	02-01-2010	01-01-2011	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09F0470 Innova VX	10.68	26,612/-
15	The Oriental Health Insurance Company Limited	124200/31/2010/5262	02-12-2009	01-12-2010	S. No. 46/1 Parsi Road, Vill Kherdi, D & NH, Silvassa Gujarat	Vehicle Insurance Policy: DN09E1471 Hundai Kappa Magna	3.20	8,256/-
16	Bajaj Allianz General Insurance Company	OG-10-1901-1801-00042132	29-03-2010	30-03-2011	7 th Floor, Mahalaxmi Chambers, Mahalaxmi,	Vehicle Insurance Policy: DN09E0514	306.20	66,184



Sr. No.	Name of the Insurance Company	Policy No	Period		Location	Details	Sum Insured (Rs. in Lacs)	Premium (in Rs.)
			Begin Date	End Date				
	Ltd.				Mumbai	BMW		
17	The Oriental Insurance Company Limited	124200/31/2011/1303	21-04-2010	20-04-2011	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01SA20 59 Bajaj Auto Bajaj Avenger	N.A	1,019
18	The Oriental Insurance Company Limited	124200/31/2011/1756	23-04-2010	22-04-2011	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01XA8 002 Honda Activa	N.A	940
19	The Oriental Insurance Company Limited	124200/31/2011/1126	13-04-2010	12-04-2011	701, 7 th Floor, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01AG2 399 Hero Honda Glamour	N.A	790
20	The Oriental Insurance Company Limited	124200/31/2011/970	17-04-2010	18-04-2011	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01AJ17 90 Honda Activa	N.A	388
21	The Oriental Insurance Company Limited	124200/31/2011/7261	10/06/2010	09/06/2011	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01AD0 425 Honda Activa	N.A	878
22	The Oriental Health Insurance Company Limited	124200/31/2010/5459	18-12-2009	17-12-2010	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road,	Vehicle Insurance Policy: MH01XA2 950 Honda Activa	0.22	742/-



Sr. No.	Name of the Insurance Company	Policy No	Period		Location	Details	Sum Insured (Rs. in Lacs)	Premium (in Rs.)
			Begin Date	End Date				
					Mumbai			
23	The Oriental Insurance Company Limited	124200/31/2011/1315	24-04-2010	23-04-2011	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01AB05 87 Bajaj Chetak	N.A	825
24	The Oriental Health Insurance Company Limited	124200/31/2010/2453	17-09-2009	16-09-2010	701, 7 th Floor, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01AJ17 08 Honda Activa	0.24	789/-
25	Reliance General Insurance	1104792312 003705	28-10-2009	27-10-2010	701, 7 th Floor, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai	Vehicle Insurance Policy: Bajaj Platina	0.36	808/-
26	The Oriental Health Insurance Company Limited	124200/31/2010/1501	17-08-2009	16-08-2010	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01AD0 417 Honda Activa	0.20	657/-
27	The Oriental Health Insurance Company Limited	124200/31/2010/3037	26-10-2009	25-10-2010	1 st Flr, Shetrunjay Apts. Sindhi Lane, Nanubhai Desai Road, Mumbai	Vehicle Insurance Policy: MH01TA39 58 Hero Honda Splendour	0.15	559/-
Total							12057.23	734,646



REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to our Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations 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 legal advice.

The Companies Act, 1956

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

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

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 frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. 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.

Consent for operation of the plant under the Air (Prevention and Control of Pollution) Act 1981 ("Air Act")

The Air (Prevention and Control of Pollution) Act 1981 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.



Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 ("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 Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

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

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.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Copyright Act, 1957

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing & protecting the copyright of an author is to statutorily protect his work & inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain & any act of reproduction of the work by any person other than then the author would not amount to infringement.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 400,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance



trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on inter state sales and states the principles and restrictions as per the powers conferred by Constitution.

Electricity Act, 2003

The Electricity Act, 2003 has been recently introduced with a view to rationalise electricity tariff, and to bring about transparent policies in the sector. The Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatisation of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

Value Added Tax ("VAT")

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Approvals from Local Authorities

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Industrial (Development and Regulation) Act, 1955

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

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. 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 and factories.



The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the



register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter-alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.



HISTORY AND OTHER CORPORATE MATTERS

Prakash Steelage Limited was incorporated on 09/05/1991 under the Companies Act, 1956 as 'Prakash Steelage Private Limited' and received its Certificate of Incorporation from the Registrar of Companies, Maharashtra, Mumbai. The Company was subsequently converted into a public limited company on 12/08/1997 and received a fresh certificate of incorporation pursuant to the change in name. The Corporate Identity Number of the Company is U27106MH1991PLC061595. The Registered Office of the Company is situated at 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai- 400026.

We first started off with trading activity i.e; trading in the stainless steel sheets, coils and plates. Subsequently we started our own manufacturing activity in the year 1996 by setting our first plant in the Union Territory of Dadra and Nagar Haveli with a capacity of 4000 MT per annum of welded stainless steel and seamless pipes & tubes. Considering the huge demand and future business potential we subsequently started our second unit at Umbergaon, Gujarat by setting a state of art manufacturing plant with the capacity of 8200 MT of welded stainless steel and seamless pipes & tubes in the year 2007. We are amongst the premier and an established manufacturer of a wide range of SS pipes and tubes. We are an ISO 9001-2008 certified Company, with a legacy of over 19 years of presence in the industry.

Some of our competitors in the domestic market are Ratnamani Metal Limited, Suraj Stainless Limited, Rajendra Engineering and Mechanical Industries Limited. We also face competition in overseas market. In Europe there are companies like TPS (Germany), Tubacex (Spain), Speciality Steels (USA), Sandvick (Sweden) etc.

Major events in the History of the Company:

Year	Event
1991	Incorporation of the Company
1996	Started our first manufacturing unit at Silvassa with a capacity of 4000 MTPA
1997	Converted into a public limited company
2002	Awarded with ISO 9001 : 2000 for our unit at Silvassa
2005	Recognized as Export house by the Government.
2007	Awarded with ISO 9001 : 2000 for our unit at Umbergaon
2007	Started our second 'state of the art' manufacturing facility at Umbergaon with a capacity of 8200 MTPA.
2007	Winner of Good house keeping competition by Directorate of Industries safety & health, Government of Gujarat
2008	Certified as PED (Pressure Equipment Directive), AD - 2000 - Merkbatt W O EIL, Llyods & IBR Approved Company
2008	Awarded with TUV Certificate for our unit at Umbergaon by TUV Rheinland Industrie Service GmbH, Cologne, Germany
2009	Awarded with TUV Certificate for our unit at Silvassa by TUV Rheinland Industrie Service GmbH, Cologne, Germany
2009	Awarded with BS OHSAS 18001-2007 by RINA SpA, Genova, Italy
2009	Awarded with ISO-14001-2004 by RINA SpA, Genova, Italy
2010	Recognised as Star Export House by Government of India
2010	Vendor Approval from Kuwait National Petroleum Company (Kuwait)

Main Objects of the Company:

The main objects of the Company are as follows:

1. To set-up, establish, carry on, extend, alter lease, hire or develop the business in India or elsewhere of manufacturing, melting, rolling, re-rolling, assembling, designing, importing, exporting, buying, selling, distributing, exchanging, altering, processing, converting, fabricating, drawing or otherwise dealing in or trading in all types of ferrous and non-



ferrous metals, steel, alloy steels, special and stainless steels, coated, enamelled and super enamelled and other wire, pipe, pipe fittings, sheet and any sections or shape such as bars, rods, flats, sheets, billets, squares, pipes, shaftings, strips, ingots of any metal including manufacturing, processing and fabricating or pipes, pipe fittings, utensils, wire nails, wire ropes wire products, screws, expanded metals, hinges, plates, sheets, strips, hoops, rounds, circles, angles, scrap, waste, turnings, borings.

- To set-up, establish and carry on the business of manufacturers, repairers, importers and exporters of and dealers in ferrous and non-ferrous metal castings of all kinds and to carry on the business of designing, manufacturing, developing, importing, buying, selling, dealing in forgings of all types of ferrous and non-ferrous metals of any weight.

Changes in Registered Office of the Company

Date of change	Address Changed	
	From	To
01/04/1996	89, C.P. Tank Road, Bombay - 400 004	Shop no. 9, 13 th Kherwadi Lane, Mumbai - 400 004
01/11/2002	Shop no. 9, 13 th Kherwadi Lane, Mumbai - 400 004	1 st Floor, Shatrunjay Apartments, 28-Sindhi Lane, Nanu Bhai Desai Road, Mumbai 400 004
01/03/2008	1 st Floor, Shatrunjay Apartments, 28-Sindhi Lane, Nanu Bhai Desai Road, Mumbai 400 004	701, "Mahalaxmi Chambers", Bhulabhai Desai Road, Mahalaxmi, Mumbai- 400 026

Changes in the Memorandum of Association

Date of shareholders' approval	Type of change/ Reasons for change
12/08/1997	Conversion of Company in to a limited Company & consequent change of name of the Company
26/03/1997	Increase in the Authorized Share Capital from Rs. 25 Lacs to 75 Lacs
20/03/2006	Increase in the Authorized Share Capital from Rs. 75 Lacs to 5 Crores
19/12/2006	Increase in the Authorized Share Capital from Rs. 5 Crores to 10 Crores
07/01/2008	Increase in the Authorized Share Capital from Rs. 10 Crores to 20 Crores

Subsidiaries of the Issuer Company

We have no Subsidiary Company, as on date.

Shareholders' Agreement

There are no Shareholders' Agreements existing as on date.

Other Agreements

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by PSL, we have not entered into any other agreement/contract.

Financial Partners

There are no financial partnership agreements entered into by the Company.

Strategic Partners

There are no strategic partnership agreements entered into by the Company.



MANAGEMENT

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
<p>Mr. Prakash C. Kanugo S/o: Mr. Chaganlal G. Kanugo Age: 57 Years Qualification: Matriculate Residential Address: 301, Tardeo Tower CHSL, Tardeo Road, Mumbai - 400 034 Designation: Chairman & Managing Director (Executive and Non- Independent) Occupation: Business DIN No.: 00286366</p>	<p>October 01, 2008 (5 Years) Reappointment</p>	<ul style="list-style-type: none"> Prakash Stainless Private Limited
<p>Mr. Ashok M. Seth S/o: Mr. Mafatlal C. Seth Age: 36 Years Qualification: F.Y. B.Com Residential Address: 201, Pratiksha Towers CHS, R.S. Nimakar Marg, Forass Road, Mumbai - 400 008 Designation: Whole Time Director (Executive and Non- Independent) Occupation: Business DIN No.: 00309706</p>	<p>October 01, 2008 (5 Years) Reappointment</p>	<ul style="list-style-type: none"> AMS Trading & Investments Private Limited Seth Iron & Steel Private Limited Seth Carbon & Alloys Private Limited Seth Steelage Private Limited, Prakash & Daga Infra Projects Private Limited
<p>Mr. Hemant P. Kanugo S/o: Mr. Prakash C. Kanugo Age: 30 Years Qualification: B.Com Residential Address: 301, 3rd Floor, Tardeo Tower CHSL, Tardeo Road, Tulsiwadi, Mumbai - 400 034 Designation: Whole Time Director (Executive and Non- Independent) Occupation: Business DIN No.: 00309894</p>	<p>Reappointment October 01, 2008 (5 Years)</p>	<ul style="list-style-type: none"> PCK Metals Private Limited
<p>Mr. Kamal P. Kanugo S/o: Mr. Prakash C. Kanugo Age: 26 Years Qualification: B.E. (Industrial Engineering) from U.S.A. Residential Address: 301, 3rd Floor, Tardeo Tower CHSL, Tardeo Road, Tulsiwadi, Mumbai - 400 034 Designation: Whole Time Director (Executive and Non- Independent) Occupation: Business DIN No.: 02023367</p>	<p>October 01, 2008 (5 Years) Reappointment</p>	<p>Nil</p>



Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
<p>Mr. Himanshu J. Thaker S/o: Mr. Jayant P. Thaker Age: 61 Years Qualification: B.E. (Metallurgy) Residential Address: 10/110, Parishram Apartments, Nr-Jai Shefali Row House, Settelite Road, Ahmedabad - 3080 015 Designation: Director (Non Executive and Independent) Occupation: Professional DIN No.: 02325297</p>	<p>Appointed as Additional Director on August 25, 2008 (and approved in AGM dated September 29, 2008)</p>	<p>Nil</p>
<p>Dr. Bipin C. Doshi S/o: Mr. Chamanlal B. Doshi Age: 59 Years Qualification: M.B.B.S, M.S Residential Address: 102, Abhilasha Apartment, Plot no. 02, Above ICICI Bank, Punjabi Lane, Borivali (W), Mumbai - 400 092 Designation: Director (Non Executive and Independent) Occupation: Professional DIN No.: 00322143</p>	<p>Appointed as Additional Director on August 25, 2008 (and approved in AGM dated September 29, 2008)</p>	<ul style="list-style-type: none"> • Puspak Health Care Services Limited • Siddhi Finance & Management Services Limited
<p>Mr. Mrinmoy Roy S/o: Mr. Nirmal Chandra Roy Age: 61 Years Qualification: P.G.D.B.M (IIM Kolkata) Residential Address: Flat 4F, 4th Floor, Nabakailash, 55/4, Ballygunj Circular Road, Kolkata 700 019 Designation: Director (Non- Executive and Independent) Occupation: Professional DIN No.: 02793068</p>	<p>Appointed as Additional Director on September 2, 2009 (and approved in AGM dated September 30, 2009)</p>	<p>Nil</p>
<p>Mr. Gautam Chand Jain S/o: Mr. Champalal Jain Age: 26 Years Qualification: A.C.A Residential Address: 107-B, Ganesh Darshan, 28-42 Santsena Maharaj Marg, 2nd Kumbharwada, Mumbai - 400 004 Designation: Director (Non- Executive and Independent) Occupation: Service DIN No.: 02809603</p>	<p>Appointed as Additional Director on September 2, 2009 (and approved in AGM dated September 30, 2009)</p>	<p>Nil</p>



There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned Directors were selected as a Director of our Company.

As on date of filing of the Offer Document there are no service agreements entered into by the Directors with the Company providing for benefits upon termination of employment.

Remuneration and shareholding of Directors in the Company

Particulars	Remuneration per annum (Rs. in lacs)	No. of Shares held
Mr. Prakash C. Kanugo	12.00	33,01,500
Mr. Ashok M. Seth	9.00	4,48,400
Mr. Hemant P. Kanugo	6.00	5,61,753
Mr. Kamal P. Kanugo	3.60	5,57,752

BRIEF PROFILE OF THE DIRECTORS OF PSL

A brief profile of the Board Members is given below:

Mr. Prakash C. Kanugo, (57 years) is the Promoter, Chairman & Managing Director of the Company. Mr. Prakash C. Kanugo the first generation entrepreneur started his business career as a trader in stainless steel sheets, coils and plates in the year 1978. He did his matriculation and later established Prakash Steelage Limited in the year 1991. With around 20 years of experience in trading he was able to successfully manage the manufacturing capacities of Prakash Steelage Limited first at Silvassa and then at Umbergaon. He looks after the entire management of the Company more particularly the domestic procurement of raw material. He is the past president and an active member of various organizations like Bharat Vikas Parishad and Marine Lines Junior Chambers. He is presently the president of Mahavir International, Mumbai. Mr. Kanugo is also the vice president of JITO, Mumbai zone (FCP).

Mr. Ashok M. Seth, (36 years) is the Promoter Director of the Company an Executive and Non- Independent at PSL. He completed his F.Y.B.com and started his career with Prakash Steel. He looks after the finances and Accounts of the Company. In addition he also supervises the procurement of materials from domestic and international markets of PSL. He has an experience in trading and manufacturing of stainless steel pipes and tubes of more than 16 years. He is responsible for successfully managing and expanding the business initiatives of Prakash Steelage Ltd. over the years. Mr. Seth is an active social personality, being the trustee of Bharat Vikas Parishad and very closely associated with Marine Lines Junior Chamber and JITO, Mumbai. Recognising his services Junior Chamber International awarded him with most outstanding young person award in the Year 2009.

Mr. Himanshu J. Thaker, (61 years) is on the Board of the Company as a Non - Executive and Independent Director since August, 2008. He has done his graduation in Metallurgical Engineering (B.E. Metallurgy) from MS University Vadodara in the year 1971. He also holds a Diploma in German Language - Technical as well as Industrial Management. He is a Chartered Engineer (India) and Lead Auditor for ISO 9000 from LRQS, UK (Lloyds). He has almost 25 years of experience in the Industry. He started his work carrier by joining Asst. Melter Andhra Steel Corporation Ltd., Vizag, A.P on September 1971. He has been associated with Companies like Jyoti Limited, Vadodara, Gujarat Steel Tubes Ltd, Gujarat Gajara Pinions Ltd., Keystone India Ltd, Ratnamani Metals & Tubes Limited, Suzlon Structures Ltd. etc. he is also a member of various committees/ Councils like Gujarat Executive Council (WR) of Confederation of Indian Industry (CII), Bureau of Indian Standards BIS etc.

Dr. Bipin C. Doshi, (59 years), is on the Board of the Company as a Non - Executive and Independent Director since August, 2008. He is a physician with MBBS from University of Mumbai and MS in counseling from Mumbai. He is also a post graduate in Pediatrics & Medico legal System from Fellow - College of General Practitioner & College of Chest Physicians from Pune. He is also a Director of Borivali Education Society's College Board and a trustee of Diwaliben Mohanlal Mehta C. Trust-Mumbai, "Adhar"-House of mentally retarded-Badlapur, Doshi



Memorial charitable Trust- Borivali, Shree Zalawadi Sthankvasi Sabha, Ashwinkumar Medical Relief Society, Jain Academy Education Research Centre Promotion Trust-Mumbai, C U Shah Charitable Trust and Veerayatan-Socio-religious organization

Mr. Hemant P. Kanugo, (30 years) the Executive Director of the Company. He is a Commerce Graduate from University of Mumbai. After completing his studies he joined the family business. He has more then 9 years of experience in the Industry. He looks after the production unit at Umbergaon.

Mr. Kamal P. Kanugo, (26 years) is the executive Director on the Board of the Company. He is a Bachelor of Commerce from Mumbai University and also trained for Industrial Engineering, USA. He looks after the international marketing and exports of the Company.

Mr. Mrinmoy Roy, (61 years) is on the Board of the Company as a Non – Executive and Independent Director since September, 2009. Mr. Mrinmoy Roy completed his PGDM from Indian Institute of Management, Kolkata. He has almost 37 years of experience in Marketing as well as materials management. He has been associated with organizations like, Andrew Yule, Calcutta, from 1969 to 1971 Mohan Iyer Consultants, Mumbai from 1971 to 1974 and as an Executive Director in Charge of the raw material division of Steel Authority of India Limited from 2006 to 2008.

Mr. Gautam Chand Jain, (26 years) is on the Board of the Company as a Non – Executive and Independent Director since September, 2009. He is a Chartered Accountant by qualification. He is currently employed with KBS Capital Management Limited as a Senior Analyst since June 2008. He has also worked with Morgan Stanley as Senior Associate in the Investment Banking Division from April 2006 to May 2008.

BORROWING POWERS OF DIRECTORS

The Company has passed an ordinary resolution at its Extra-ordinary General Meeting held on 10/11/2009 in terms of the provisions of section 293(1)(d) of the Companies Act 1956, whereby it has authorized the Board of Directors to borrow money up to Rs. 500.00 Crores (Rupees Five Hundred crores) (excluding temporary loans obtained by the Company from its bankers in the ordinary course of business).

RELATIONSHIPS BETWEEN DIRECTORS

Name of the Director	Relationship between Directors
Mr. Prakash C. Kanugo	Father of Mr. Kamal P. Kanugo and Mr. Hemant P. Kanugo
Mr. Ashok M. Seth	Nephew of Mr. Prakash C. Kanugo (Sister's son)

QUALIFICATION SHARES REQUIRED TO BE HELD BY OUR DIRECTORS

Our directors are not required to hold any qualification shares.

INTEREST OF PROMOTERS, DIRECTORS

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

COMPENSATION TO MANAGING DIRECTOR / WHOLE TIME DIRECTORS

Details of appointment and fixing of remuneration of Managing Director / Whole Time Directors:

Mr. Prakash C. Kanugo, Managing Director

The terms of remuneration of Mr. Prakash C. Kanugo as per the Resolution passed at the meeting of the Board of Directors held on September 02, 2008, include the following:

Salary

Rs. 1,00,000 /- (Rupees One Lakh only) per month with such annual increments as may be decided by the Board not exceeding Rs. 1,50,000/- during the tenure of his appointment.

Perquisites:

In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites (Subject to an aggregate ceiling of Rs. 1,00,000/- per month)

- (a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company, subject to a ceiling of 50% of the salary.
- (b) Reimbursement of all medical expenses incurred for self and family upto a total sum of 8.33% of the basic annual salary.
- (c) Leave travel assistance for self and family as per Company rules.
- (d) Fees of clubs, which will include fee and expenses for membership of two clubs other than life membership fee.
- (e) A car with driver for official as well as personal use.
- (f) Telephone and fax facilities at residence.
- (g) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (h) Gratuity at the rate not exceeding half a months salary for each completed year of service, and
- (i) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

Family for the above purpose means wife, dependent children and dependent parents of the Managing Director.

Minimum Remuneration

In the event of loss or inadequate profits in any financial year during the currency of his tenure as Managing Director, the payment of salary, perquisites and other allowances herein shall be paid as minimum remuneration.

Mr. Ashok M. Seth, Director

The terms of remuneration of Mr. Ashok M. Seth as per the Resolution passed at the meeting of the Board of Directors held on September 02, 2008, include the following:



Salary

Rs. 75,000/- (Rupees Seventy Five Thousand only) per month with such annual increments as may be decided by the Board not exceeding Rs. 1,50,000/- per month during the tenure of his appointment.

Perquisites:

In addition to the aforesaid salary, the Whole Time Director shall be entitled to the following perquisites (Subject to an aggregate ceiling of the prevailing monthly salary)

- (a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company, subject to a ceiling of 50% of the salary.
- (b) Reimbursement of all medical expenses incurred for self and family upto a total sum of 8.33% of the basic annual salary.
- (c) Leave travel assistance for self and family as per Company rules.
- (d) Fees of clubs, which will include fee and expenses for membership of two clubs other than life membership fee.
- (e) A car with driver for official as well as personal use.
- (f) Telephone and fax facilities at residence'.
- (g) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (h) Gratuity at the rate not exceeding half a months salary for each completed year of service, and
- (i) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

Family for the above purpose means wife, dependent children and dependent parents of the Whole Time Director.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Whole Time Director, the payment of salary, perquisites and other allowances herein shall be paid as minimum remuneration.

Mr. Hemant P. Kanugo, Director

The terms of remuneration of Mr. Hemant P. Kanugo as per the Resolution passed at the meeting of the Board of Directors held on September 02, 2008, include the following:

Salary

Rs. 50,000 /- (Rupees Fifty Thousand only) per month with such annual increments as may be decided by the Board not exceeding Rs. 1,00,000/- per month during the tenure of his appointment.



Perquisites:

In addition to the aforesaid salary, the Whole time Director shall be entitled to the following perquisites (Subject to an aggregate ceiling of the prevailing monthly salary)

- (a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company, subject to a ceiling of 50% of the salary.
- (b) Reimbursement of all medical expenses incurred for self and family upto a total sum of 8.33% of the basic annual salary.
- (c) Leave travel assistance for self and family as per Company rules.
- (d) Fees of clubs, which will include fee and expenses for membership of two clubs other than life membership fee.
- (e) A car with driver for official as well as personal use.
- (f) Telephone and fax facilities at residence.
- (g) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (h) Gratuity at the rate not exceeding half a months salary for each completed year of service, and
- (i) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

Family for the above purpose means wife, dependent children and dependent parents of the Whole Time Director.

Minimum Remuneration

In the event of loss or inadequacy of profits in-any financial year during the currency of his tenure as Whole Time Director, the payment of salary, perquisites and other allowances herein shall be paid as minimum remuneration.

Mr. Kamal P. Kanugo, Director

The terms of remuneration of Mr. Kamal P. Kanugo as per the Resolution passed at the meeting of the Board of Directors held on September 02, 2008, include the following:

Salary

Rs. 30,000/- (Rupees Thirty Thousand only) per month with such annual increments as may be decided by the Board not exceeding Rs. 60,000/- per month during the tenure of his appointment.

Perquisites:

In addition to the aforesaid salary, the Whole time Director shall be entitled to the following perquisites (Subject to an aggregate ceiling prevailing monthly salary)

- (a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company, subject to a ceiling of 50% of the salary.



- (b) Reimbursement of all medical expenses incurred for self and family upto a total sum of 8.33% of the basic annual salary.
- (c) Leave travel assistance for self and family as per Company rules.
- (d) Fees of clubs, which will include fee and expenses for membership of two clubs other than life membership fee.
- (e) A car with driver for official as well as personal use.
- (f) Telephone and fax facilities at residence.
- (g) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (h) Gratuity at the rate not exceeding half a months salary for each completed year of service, and
- (i) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.
- (j) Family for the above purpose means wife, dependent children and dependent parents of the Whole Time Director.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Whole Time Director, the payment of salary, perquisites and other allowances herein shall be paid as minimum remuneration.

No remuneration is paid to any of the independent directors except sitting fees.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Sr. No.	Name of the Director	Date of Change	Reasons
1.	Mr. Kamal P. Kanugo	May 16, 2008	Appointment
2.	Mr. Himanshu J. Thaker	August 25, 2008	Appointment
3.	Dr. Bipin C. Doshi	August 25, 2008	Appointment
4.	Mr. Mrinmoy Roy	September 02, 2009	Appointment
5.	Mr. Gautam Chand Jain	September 02, 2009	Appointment

Compliance with Corporate Governance Requirements:

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 to the extent applicable. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.



Audit Committee

The Audit Committee was constituted at the Board meeting held on 25th August, 2008. The Audit Committee comprises of the following members

Name of Director	Status in Committee	Nature of Directorship
Mr. Himanshu Thaker	Chairman	Independent
Dr. Bipin C. Doshi	Member	Independent
Mr. Ashok M. Seth	Member	Executive Director

The role of the Committee has been defined to include the following activities:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are 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 fixation of audit fee.
- (c) Approval of 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:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - 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 utilisation 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) Discussion with 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 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.
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee was constituted on 25th August, 2008 and comprises the following directors of the Board.

Name of Director	Status in Committee	Nature of Directorship
Mr. Himanshu Jayant Thaker	Chairman	Independent
Mr. Hemant P. Kanugo	Member	Whole Time Director
Dr. Bipin C. Doshi	Member	Independent

The terms of reference of the Remuneration Committee are as follows:

- (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) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- (d) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- (e) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

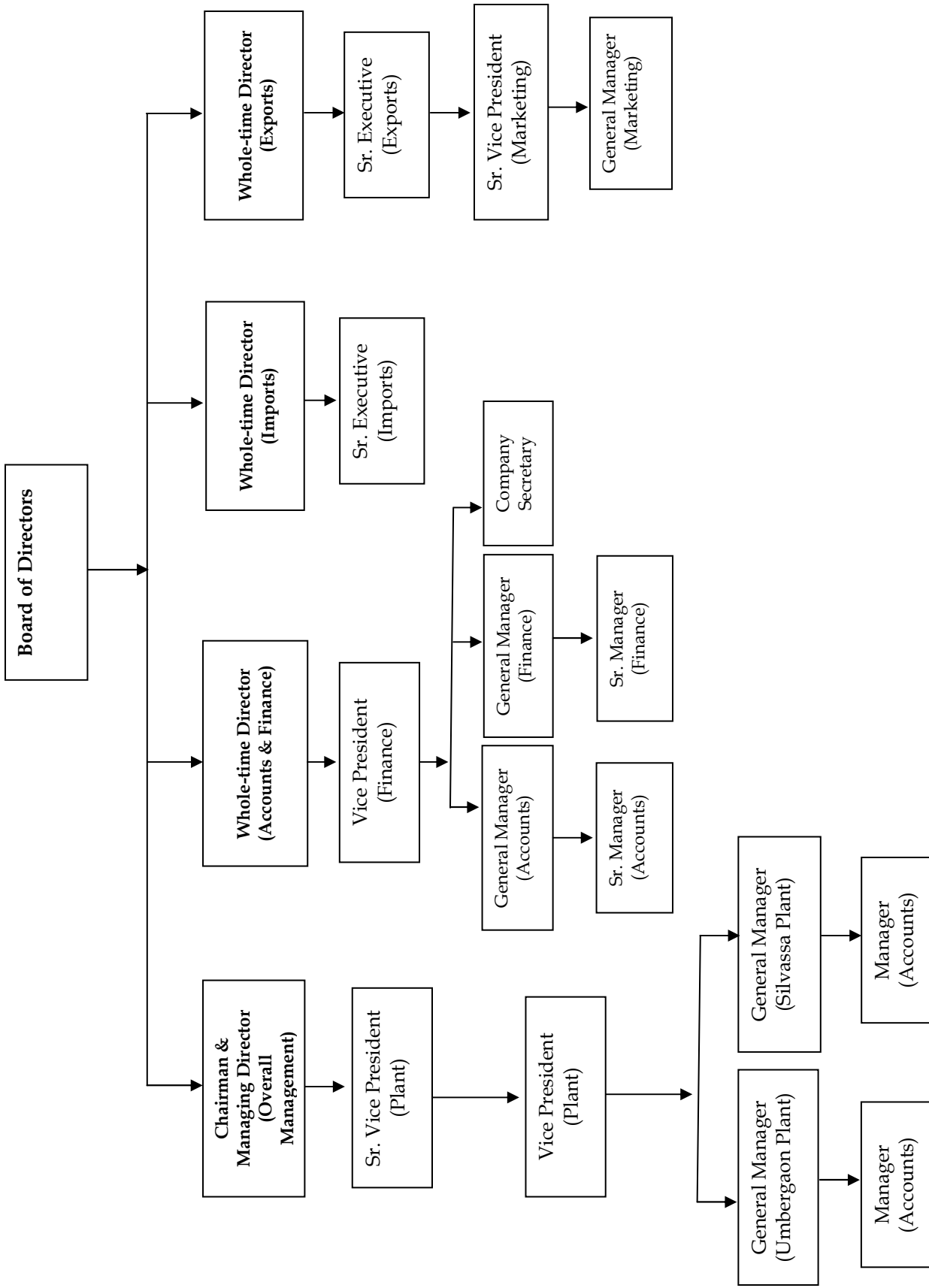
Shareholders'/Investor Grievances Committee

The Shareholders and Investors Grievances Committee was constituted at the Board meeting held on 25th August, 2008. The Committee consists of the following Directors.

Name of Director	Status in Committee	Nature of Directorship
Dr. Bipin C. Doshi	Chairman	Independent
Mr. Himanshu Jayant Thaker	Member	Independent
Mr. Ashok M. Seth	Member	Executive Director

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

ORGANISATION CHART





KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of PSL other than the Directors are as follows:

Sr. No	Name, Designation, Age, Qualification,	Functions and areas of experience	Remuneration Per annum (Rs. in lacs)	Date of Appointment & Experience in the Company	Previous Company and Total Experience
1.	Mr. Dinesh H. Trivedi Vice President (Finance) Age: 50 Years Qualification: F.C.A., A.C.S., L.L.b (Gen)	Finance & Accounts	8.00	16/05/2010 2 Months	Hiran Orgochem Ltd. (30 Years)
2.	Mr. Kumar Shishir Sinha Sr. Vice President (Marketing) Age: 44 Years Qualification: B. A	Marketing-Domestic	7.43	01/01/2007 3 Years & 7 Months	Mahalaxmi Seamless Limited (4 Years)
3.	Mr. Tarak P. Kavi Sr. Vice President (Plant) Age: 42 years Qualification: BE (Production)	Head of Umbergaon Plant and Technical Development department of Silvassa Plant.	6.60	17/03/2006 4 years & 5 Months	Jindal Saw Limited (20 Years)
4.	Mr. Vipin K. Chaturvedi Vice President (Plant) Age: 41 years Qualification: B. Com	Head of Silvassa Plant with overall supervision.	7.41	08/08/1999 10 Years and 11 Months	Sterling Strips Limited (20 years)
5.	Mr. Anil M. Mehta General Manager (Accounts) Age: 29 Years Qualification: B. Com, ACA	Accounts & Audit.	7.70	04/05/2009 1 Year 3 Months	Bombay Hospital Trust (15 Months)
6.	Mr. Surendra Tiwari Senior Manager (Accounts) Age: 30 years Qualification: B. Com, ACA	Taxation and Accounts.	5.00	10/11/2009 8 Months	VMRS & Co., Chartered Accountants (9 Years)
7.	Mr. Vimal P. Kanugo Sr. Executive (Export) Age: 28 years Qualification: M.B.A (General Management)	Imports - Asian & Gulf Markets.	3.60	01/04/2005 5 Years & 4 Months	Nil
8.	Mr. Kirti P. Kanugo Sr. Executive (Import) Age: 25 Years Qualification: B. Com	Import - Europe & Western Markets.	3.60	01/04/2005 5 Years & 4 Months	Nil
9.	Ms. Sarika S. Singh Company Secretary & Compliance officer Age: 32 Years Qualification: M. Com, ACS	Company Secretary & Compliance officer	2.70	12/11/2009 8 Months	Renaissance Jewellery Limited (15 Months)



Sr. No	Name, Designation, Age, Qualification,	Functions and areas of experience	Remuneration Per annum (Rs. in lacs)	Date of Appointment & Experience in the Company	Previous Company and Total Experience
10.	Mr. Khirod Kumar Dhal Deputy Manager (HR) Age: 36 Years Qualification: B. A (Economics), PGDHRM	H. R. & Admn. - Plant	1.92	20/03/2007 3 Years & 4 Months	Hindalco Industries Limited (9 Years)
11.	Mr. V. S Chandrashekhar General Manager (Plant) Age: 60 Years Qualification: BE (Metallurgy)	Production & operation - Umbergaon plant	4.20	01/12/2008 1 year & 6 Months	Tata Steel Limited (14 Years)

The above persons are on the rolls of the company as permanent employees

There is no specific tenure of any of our key managerial personnel.

NUMBER OF SHARES HELD BY THE KEY MANAGERIAL PERSONNEL

None of the Key Managerial Personnel are holding any equity share in the Company.

CHANGES IN THE KEY MANAGERIAL PERSONNEL OF THE COMPANY DURING LAST THREE YEARS

Name	Date of Change	Reason
Mr. V. S Chandrashekhar General Manager - Plant	01/12/2008	Appointment
Mr. Anil M. Mehta General Manager - Accounts	04/05/2009	Appointment
Ms. Kanika Sharma Company Secretary	16/08/2009	Resignation
Ms. Sarika S. Singh Company Secretary & Compliance officer	12/11/2009	Appointment
Mr. Surendra Tiwari Senior Manager (Accounts)	10/11/2009	Appointment
Mr. Omprakash Somani General Manager (Finance)	31/03/2010	Resignation
Mr. Dinesh H. Trivedi Vice President (Finance)	16/05/2010	Appointment

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

Currently, we do not have a performance-linked bonus or a profit sharing scheme for key managerial personnel. However, key managerial personnel are entitled to bonus payable annually. The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration of benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them, if any in our Company.



RELATIONSHIP AMONGST THE KEY MANAGERIAL PERSONNEL

Mr. Vimal P. Kanugo and Mr. Kirti P. Kanugo are brothers, except this none of the Key Managerial Personnel are related to each other.

ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS

None of our key managerial personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loan to its Key Managerial Personnel.

EMPLOYEE STOCK OPTION SCHEMES

Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF THE COMPANY


Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

PROMOTERS/ PRINCIPAL SHAREHOLDERS


Details of Promoter being individuals

Our Promoters

1. Mr. Prakash C. Kanugo

	<p>Mr. Prakash C. Kanugo, (57 years) is the Promoter, Chairman & Managing Director of the Company. Mr. Prakash C. Kanugo the first generation entrepreneur started his business career as a trader in stainless steel sheets, coils and plates in the year 1978. He later established Prakash Steelage Limited in the year 1991. With around 20 years of experience in trading he was able to successfully manage the manufacturing capacities of Prakash Steelage Limited first at Silvassa and then at Umbergaon. He looks after the entire management of the Company more particularly the domestic procurement of raw material. He is the past president and an active member of various organizations like Bharat Vikas Parishad and Marine Lines Junior Chambers. He is presently the president of Mahavir International, Mumbai. Mr. Kanugo is also the vice president of JITO, Mumbai zone (FCP).</p>	
	Identification Details	
	Voter ID Number	MT/04/024/210568
	Driving License Number	MH01 20080067852

2. Mr. Ashok M. Seth

	<p>Mr. Ashok M. Seth, (36 years) is the Promoter Director of the Company an Executive and Non- Independent at PSL. He started his carrier with Prakash Steel. He looks after the finances and Accounts of the Company. In addition he also supervises the procurement of materials from domestic and international markets of PSL. He has an experience in trading and manufacturing of stainless steel pipes and tubes of more than 16 years. He is responsible for successfully managing and expanding the business initiatives of Prakash Steelage Ltd. over the years. Mr. Seth is an active social personality, being the trustee of Bharat Vikas Parishad and very closely associated with Marine Lines Junior Chamber and JITO, Mumbai. Recognising his services Junior Chamber International awarded him with most outstanding young person award in the Year 2009.</p>	
	Identification Details	
	Voter ID Number	MT/04/022/312861
	Driving License Number	MH-01-91-24868 issued by RTO, Mumbai

The Permanent Account Number, Bank Account Number and Passport Number if any, of the Promoters have been submitted to BSE and NSE.

PROMOTER GROUP

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

Mr. Prakash C. Kanugo	Relationship with Mr. Prakash C. Kanugo
Ms. Babita P. Kanugo	Spouse of Mr. Prakash C. Kanugo
Ms. Pyaridevi C. Kanugo	Mother of Mr. Prakash C. Kanugo
Mr. Dhaval C. Kanugo	Brother of Mr. Prakash C. Kanugo
Ms. Dheliben M Seth	Sister of Mr. Prakash C. Kanugo
Ms. Manju C. Shah	Sister of Mr. Prakash C. Kanugo
Mr. Hemant P. Kanugo	Son of Mr. Prakash C. Kanugo
Mr. Vimal P. Kanugo	Son of Mr. Prakash C. Kanugo
Mr. Kamal P. Kanugo	Son of Mr. Prakash C. Kanugo
Mr. Kirti P. Kanugo	Son of Mr. Prakash C. Kanugo

Mr. Ashok M. Seth	Relationship with Mr. Ashok M. Seth
Ms. Nirmala A. Seth	Spouse of Mr. Ashok M. Seth
Mr. Mafatlal Seth	Father of Mr. Ashok M. Seth
Ms. Dheliben Seth	Mother of Mr. Ashok M. Seth
Mr. Kesrimal M. Seth	Brother of Mr. Ashok M. Seth
Ms. Lila M Sanghvi	Sister of Mr. Ashok M. Seth
Ms. Neeru Mehta	Sister of Mr. Ashok M. Seth
Ms. Suseela Sanghvi	Sister of Mr. Ashok M. Seth
Ms. Pushpa Jain	Sister of Mr. Ashok M. Seth
Ms. Aanchal A. Seth	Daughter of Mr. Ashok M. Seth

Our Promoter Group Companies and Entities

The companies that are part of the Promoter Group are as follows:

Sr. No	Name
1.	Seth Steelage Private Limited (SSPL)
2.	PCK Metals Private Limited (PMPL)
3.	Prakash & Daga Infra Projects Private Limited (PDIPL)
4.	Seth Iron & Steel Private Limited (SISPL)
5.	Seth Carbon & Alloy Private Limited (SCAPL)
6.	Prakash Stainless Private Limited (PSPL)
7.	AMS Trading & Investment Private Limited (AMS)



The partnership firms, HUFs, proprietary concern that form part of our Promoter Group are as follows:

Sr. No	Name
1.	M/s Sunrise Metal Industries
2.	M/s Top Honest Inc
3.	M/s Chandan & Kanugo Land Developers
4.	M/s. Prakash Land Developers
5.	Prakash C. Kanugo (HUF)
6.	Mafatlal C. Seth (HUF)
7.	Ashok M. Seth (HUF)
8.	Hemant P. Kanugo (HUF)
9.	Hemant & Co.
10.	Prakash Steel

The details of our Promoter Group companies and entities are as provided below:

1. Seth Steelage Private Limited (SSPL)

SSPL was incorporated on 4th April, 2007 with Registrar of Companies, Mumbai, Maharashtra. The Registration Number of the company is 169634 and the CIN Number U27106MH2007PTC169634. The company is engaged in trading in ferrous and non ferrous metal. Currently the Company is not carrying on any business. The registered office is situated at 1st Floor, "Shatrunjay Apartment" 28, Sindhi lane, Nanubhai Desai Road, Mumbai-400004, Maharashtra, India. Mr. Ashok M. Seth is the promoter of the Company.

Board of Directors	Mr. Ashok M Seth Mr. Kriti P. Kanugo
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The Shareholding pattern of SSPL as on June 30, 2010 is as follows:

Sr. No	Category	No. of shares held of Rs. 10/- each	% of total share capital
1.	Ashok M. Seth	1,54,000	43.08
2.	Ashok M. Seth (HUF)	1,56,000	43.64
3.	Nirmala A. Seth	15000	4.20
4.	Empower Industries India Ltd	* 32,500	9.09
	Grand Total	357500	100.00

* 32 500 equity shares have been issued on 31/05/2010 as partly paid up equity shares wherein an amount of Rs. 8.00/- per share has been paid up.

Financials

Particulars	(Rs. in Lacs)		
	2009-10	2008-09	2007-2008
Equity Share Capital	32.50	32.50	1.00
Reserves & Surplus	13.61	13.50	-
Total Income	53.51	-	-
Profit After Tax	0.11	-	-
Earnings Per Share (Rs.) (Face Value Rs. 10/-)	0.03	-	-
Net Asset Value (NAV)	13.74	13.59	0.73

SSPL has not made any capital issue during last three years. SSPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995



2. M/s PCK Metals Private Limited (PMPL)

PMPL was incorporated on 9th March, 2006 with Registrar of Companies, Mumbai, Maharashtra. The CIN Number U27100MH2006PTC160404. The registered office is situated at 65, Maruti Mandir Road, 5th Kumbharwada, Mumbai-400004, Maharashtra, India. The company is engaged in trading of stainless steel sheets and coils. Mr. Hemant P. Kanugo is the the promoter of the Company.

Board of Directors	Mr. Hemant P Kanugo Mr. Pataram P. Dewasi
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The Shareholding pattern of PMPL as on June 30, 2010 is as follows:

Sr. No.	Category	No. of shares held of Rs. 10/- each	% of total share capital
1.	Mr. Hemant P. Kanugo	8,000	7.46
2.	Mr. Pataram Dewasi	2,000	1.86
3.	Mr. Prakash C. Kanugo	97,250	90.68
	Grand Total	1,07,250	100.00

Financials

(Rs. In Lacs)

Particulars	Financial Year Ended 31 st March		
	2009-10	2008-09	2007-2008
Equity Share Capital	10.73	10.73	10.73
Reserves & Surplus	104.19	101.71	96.51
Total Income	970.69	1422.00	2546.70
Profit After Tax	2.64	5.21	8.32
Earnings Per Share (Rs.) (Face Value Rs. 10/-)	2.46	4.85	7.76
Net Asset Value (NAV)	106.87	104.17	99.08

PMPL has not made any capital issue during last three years. PMPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995

3. Prakash & Daga Infra Projects Private Limited (PDIPL)

PDIPL was incorporated on 19th February, 2007 with Registrar of Companies, Mumbai, Maharashtra. The CIN Number U45200MH2007PTC167973. The registered office is situated at 901-“Mahalaxmi Chambers”, Bhulabhai Desai Road, Mahalaxmi, Mumbai-400026, Maharashtra. The company is engaged in the business of real estate and construction. Currently the Company is not carrying on any business. Ashok M. Seth is the promoter of the Company.

Board of Directors	Mr. Ashok M. Seth Mr. Vimal P. Kanugo Mr. Abhay Daga Mr. Prashan Chand Daga
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The Shareholding pattern of PDIPL as on June 30, 2010 is as follows:

Sr. No.	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	AMS Trading and Investment Pvt. Ltd.	16,000	24.24
2	Mr. Ashok M Seth	42,000	63.63
3	Mr. Vimal P Kanugo	3,000	4.55
4	Mr. Abhay Daga	2,500	3.79
5	Mr. Prashan Chand Daga	2,500	3.79
	Grand Total	66,000	100.00

Financials

(Rs. In Lacs)

Particulars	Financial Year Ended 31 st March		
	2009-10	2008-09	2007-2008
Equity Share Capital	6.60	2.60	2.60
Share Application Money	-	21.00	21.00
Reserves & Surplus (Securities premium)	14.40	14.40	14.40
Income	-	-	-
Other Income	-	-	-
Total Income	-	-	-
Profit After Tax	-	-	-
Earnings Per Share (Rs.) (Face Value Rs. 10/-)	-	-	-
Net Asset Value (NAV)	30.11	141.82	141.82

PDIPL has not made any capital issue during last three years. PDIPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995

4. Seth Iron & Steel Private Limited (SISPL)

SISPL was incorporated on 7th March, 2006 with Registrar of Companies, Mumbai, Maharashtra. The CIN Number U27106MH2006PTC160327. The registered office is situated at 65, Maruti Mandir Road, 5th Kumbharwada, Mumbai-400004, Maharashtra, India. The company is engaged in trading in stainless sheets and coils of different standards. The promoters of the Company are Mr. Ashok M. Seth and Mr. Vimal P. Kanugo.

Board of Directors	Mr. Ashok M Seth Mr. Vimal P. Kanugo
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The Shareholding pattern of SISPL as on June 30, 2010 is as follows:

Sr. No.	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Mr. Ashok M Seth	8,000	2.37
2.	Ms. Nirmala A. Seth	2,000	0.59
3.	Mr. Mafatlal C. Seth	50,000	14.79
4.	Mrs. Deliben M. Seth	45,000	13.31
5.	Seth Steelage Pvt.Ltd	1,08,000	31.94
6.	Ashok M. Seth (HUF)	110	0.03
7.	Mahan Industries Ltd	*12,500	3.70
8.	Shree Ganesh Spinners Ltd	*62,500	18.48
9.	Avance Technology Ltd	*50,000	14.79
	GRAND TOTAL	3,38,110	100.00

* 1,25,000 equity shares have been issued as partly paid up equity shares during FY 2009-10 wherein an amount of Rs. 8/- per share has been paid up



Financials

(Rs. In Lacs)

Particulars	Financial Year Ended 31 st March		
	2009-10	2008-09	2007-2008
Equity Share Capital	31.31	21.31	13.81
Share Application Money	-	-	175.95
Reserves & Surplus	708.04	206.87	119.68
Total Income	2029.57	1022.78	1189.40
Profit After Tax	11.18	19.69	3.92
Earning Per Share (Rs.) (Face Value of Rs. 10/- per equity shares)	3.57	9.24	2.84
Net Asset Value (NAV)	235.96	106.65	95.92

SISPL has not made any capital issue during last three years. SISPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995

5. Seth Carbon & Alloy Private Limited (SCAPL)

SCAPL was incorporated on 17th February, 2007 with Registrar of Companies, Mumbai, Maharashtra. The CIN Number U27107MH2007PTC167924. The registered office is situated at 701-“Mahalaxmi Chambers”, Bhulabhai Desai Road, Mahalaxmi, Mumbai-400 026, Maharashtra. The company is engaged in business of trading in carbon alloy steel pipes and tubes. The promoters of the Company are Mr. Ashok M. Seth and Mr. Vimal P. Kanugo.

Board of Directors	Mr. Ashok M Seth Mr. Vimal P. Kanugo
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The Shareholding pattern of SCAPL as on June 30, 2010 is as follows:

Sr. No.	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Mr. Ashok M Seth	4,000	2.50
2	Mr. Vimal P Kanugo	6,000	3.74
3	PCK Metals Pvt.Ltd.	57,800	36.06
4	Seth Steelage Pvt.Ltd	40,000	24.95
5	Prabhav Industries Limited	*52,500	32.75
	GRAND TOTAL	1,60,300	100.00

* 52 500 equity shares have been issued as partly paid up equity shares wherein an amount of Rs. 8.00 per share has been paid up

Financials

(Rs. In lacs)

Particulars	Financial Year Ended 31 st March		
	2009-10	2008-09	2007-2008
Equity Share Capital	14.98	10.78	1.00
Share Application Money	-	-	10.00
Reserves & Surplus	305.63	93.34	0.65
Total Income	476.72	1552.01	120.23
Profit After Tax	6.50	4.67	0.65
Earning Per Share (Rs.) (Face Value of Rs. 10/- per equity shares)	4.34	4.33	6.51
Net Asset Value (NAV)	213.42	95.46	10.34



SCAPL has not made any capital issue during last three years. SCAPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995

6. Prakash Stainless Private Limited (PSPL)

PSPL was incorporated on 7th May, 2004 with Registrar of Companies, Mumbai, Maharashtra. The CIN Number U51420MH2004PTC146131. The registered office is situated at 89, C.P Tank Road, Mumbai - 400 004, Maharashtra, India. The company is engaged in business of trading of ferrous and non-ferrous metals. Mr. Prakash C. Kanugo is the promoter of the Company.

Board of Directors	Mr. Prakash C. Kanugo Mr. Surajmal Burad
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The Shareholding pattern of PSPL as on June 30, 2010 is as follows:

Sr. No.	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Mr. Prakash C. Kanugo	9,500	1.64
2	Prakash C. Kanugo (HUF)	2,50,000	43.16
3	Mr. Surajmal Bachraj Burad	500	0.09
4	Mr. Mangilal Bachraj	1,000	0.17
5	Ms. Lalita Mangilal Burad	1,000	0.17
6	Ms. Geeta Surajmal Burad	1,000	0.17
7	Mr. Bachraj Manmal Burad	1,000	0.17
8	Ms. Ekta Hemant Kanugo	5,000	0.86
9	Mr. Hemant P Kanugo	10,000	1.73
10	Mr. Kamal P Kanugo	5,000	0.86
11	Mr. Kirti P Kanugo	25,000	4.32
12	Mr. Vimal P Kanugo	10,000	1.73
13	PCK Metals Pvt. Ltd.	58,300	10.06
14	Ms. Pyaridevi Kanugo	1,000	0.17
15	Mr. Bechraram Dewasi	1,000	0.17
16	Prabhav Industries Limited	75,000	12.95
17	Empower Industries India Limited	1,25,000	21.58
	GRAND TOTAL	5,79,300	100.00

Financials

(Rs.in lacs)

Particulars	Financial Year Ended 31 st March		
	2008-09	2007-2008	2006-07
Equity Share Capital	37.73	37.73	31.9
Reserves & Surplus	87.28	74.38	14.70
Total Income	5958.06	6674.17	5377.77
Profit After Tax	12.90	21.79	11.37
Earning Per Share (Rs.) (Face Value of Rs. 10/- per equity shares)	3.42	5.77	3.56
Net Asset Value (NAV)	33.11	29.67	14.54

2,02,000 Equity shares of Rs. 10/- each were issued during the FY 2009-10

PSPL has not made any capital issue during last three years. PSPL is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995



7. AMS Trading & Investment Private Limited (AMS)

AMS was incorporated on 23rd September, 2005 with Registrar of Companies, Mumbai, Maharashtra. The CIN Number of the Company is U51420MH2005PTC156296. The registered office is situated at 1st Floor, "Shatrunjay Apartment", Nanubhai Desai Road, 28, Sindhi lane, Mumbai-400004, Maharashtra, India. The company is engaged in the business of investment and finance. Mr. Ashok M. Seth is the promoter of the Company.

Board of Directors	Mr. Ashok M Seth Mr. Kamlesh R Parmar
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The Shareholding pattern of AMS as on June 30, 2010 is as follows:

Sr. No.	Category	No. of shares held of Rs. 10/- each	% of total share capital
1	Mr. Ashok M Seth	82,000	14.69
2	Seth Steelage Pvt. Ltd.	20,200	3.62
3	PCK Metals Pvt. Ltd.	1,39,300	24.96
4	Mr. Hemant P. Kanugo	3,900	0.70
5	Mr. Kamal P. Kanugo	3,900	0.70
6	Prakash C. Kanugo (HUF)	2,00,000	35.84
7	Ms. Babita P. Kanugo	50,000	8.96
8	Mr. Vimal P. Kanugo	20,000	3.58
9	Empower Industries Limited	*38,750	6.95
	GRAND TOTAL	5,58,050	100.00

* 38,750 equity shares have been issued as partly paid up shares during the FY 2009-10 wherein an amount of Rs. 8/- per equity shares has been paidup.

Financials

Particulars	(Rs. In lacs)		
	Financial Year Ended 31 st March		
	2009-10	2008-09	2007-2008
Equity Share Capital	55.03	51.93	51.93
Reserves & Surplus	569.58	390.28	336.45
Total Income	28.86	57.52	13.15
Profit After Tax	27.39	53.83	4.80
Earning Per share (Rs.) (Face value Rs. 10/- per equity share)	4.98	10.37	0.92
Net Asset Value (NAV)	113.46	85.05	74.62

AMS has not made any capital issue during last three years. AMS is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995

Proprietary Concern, Partnership firms and HUF's

1. M/s Sunrise Metal Industries

It is a proprietary concern of Mr. Prakash C.Kanugo and engaged in the business of trading of ferrous & non ferrous metals having its office at 1st floor Shatrunjay Apts ,28 Sindhi Lane, Nanaubhai Desai Road ,Mumbai-400 004.

**Financials****(Rs. in Lacs)**

Particulars	2009-10	2008-09	2007-08
Capital	24.42	21.70	6.71
Sales	2254.65	1067.14	649.15
Profit	17.06	15.76	12.74

2. M/s Top Honest Inc

It is a partnership firm (Formed on 22/10/2007) engaged in the business of trading of ferrous & non ferrous metal having office at 101-102, Shatrunjay Apartments, 28 Sindhi lane, Nanubhai Desai Road, Mumbai- 400 004.

The Partners of the Firm are:

Partners	Profit / Loss Sharing Ratio
Mr. Kirti P.Kanugo	95%
Mr. Bechraram Dewasi	5%

Financials**(Rs. in Lacs)**

Particulars	2009-10	2008-09	2007-08
Capital	79.39	5.77	-
Sales / Income	9616.79	3542.06	-
Profit	28.67	8.29	-

3. M/s Chandan & Kanugo Land Developers

It is a partnership firm formed on 02/08/1993 engaged in the business of property development having its office at 13, Khetwadi lane, Shop no-9, Mumbai -400 004.

The Partners of the firm are:

Partners	Profit / Loss sharing ratio
Mr. Prakash C. Kanugo	90%
Mr. Ashok .M. Seth	5%
Mr. Suraj B.Burad	5%

Financials**(Rs. in Lacs)**

Particulars	2009-10	2008-09	2007-08
Capital	88.03	89.24	88.69
Sales / Income	2.75	Nil	Nil
Net Profit	2.75	Nil	Nil

The firm has only acquired land for development.

4. M/s. Prakash Land Developers

Prakash Land Developers is a partnership firm formed on 26/05/2007 engaged in the business of property development, having its office at 33, G.I.D.C. Colony, Umbergaon, Dist. Valsad, Gujrat.



The Partners of the Firm are:

Partners	Profit Sharing Ratio (%)
Mr. Hemant P. Kanugo	60%
Mr. Nirav Kirti Shah	40%

Financials

(Rs. in Lacs)

Particulars	2009-10	2008-09	2007-08
Capital	97.91	97.91	97.91
Sales	Nil	Nil	Nil
Profit	Nil	Nil	Nil

The firm has just purchased property for development

5. Prakash C. Kanugo (H.U.F.)

The HUF with Mr. Prakash C. Kanugo as Karta is engaged in the business of investments, properties share trading & general trading having its office at 89, C.P. Tank Road, Mumbai – 400 004

Financials

(Rs. In lacs)

Particulars	2009-10	2008-09	2007-08
Capital	111.33	100.55	73.87
Sales /Income	16.61	37.69	15.72
Net Profit	16.61	29.68	11.02

6. Mafatlal C. Seth (HUF)

An HUF with Mr. Mafatlal C. Seth as Karta having Mr. Ashok M. Seth, Director as one of the coparcener. It is engaged in the activity of investment & trading and having its Office at Shop No. 9, 13, Khetwadi Road, Mumbai – 400 004.

Financials

(Rs. in Lacs)

Particulars	2009-10	2008-09	2007-08
Capital	109.34	97.38	93.85
Sales / Income	16.97	4.64	73.56
Profit	16.97	4.28	69.16

7. Ashok M. Seth (HUF)

An HUF with Mr. Ashok M. Seth as Karta is engaged in the investment and trading. It has its office at 304, 1st Floor, Pratiksha Tower, R.S. Road, Nimkar Marg, Mumbai -400 008.

Financials

(Rs. in Lacs)

Particulars	2009-10	2008-09	2007-08
Capital	73.93	66.75	64.66
Sales / Income	4.19	4.78	57.80
Profit	3.40	3.86	51.52



8. Hemant P. Kanugo (HUF)

An HUF with Hemant P. Kanugo as a Karta is engaged in the business of investment & trading. It has its office at 301, Tardeo Towers, Tardeo Road, Mumbai -400 034.

Financials

Particulars	(Rs. in Lacs)		
	2009-10	2008-09	2007-08
Capital	5.83	3.56	1.57
Sales / Income	2.75	2.00	1.56
Profit	2.75	2.00	1.56

9. Hemant & Co.

It was a Partnership Firm having Mr. Prakash C. Kanugo (HUF), Ms. Babita P. Kanugo, Mr. Manohar P. Sanghvi and Mr. Surajmal B. Burad as its partners. The Partnership Firm was formed on 07/09/1988. It has not done any business for over five years.

10. Prakash Steel

It was a proprietary concern of Mr. Prakash C. Kanugo (HUF) engaged in the business of trading of stainless steel items. The said concern has closed its business since 2006 and has no assets and liabilities.

Common Pursuits

Some of our group concerns/ entities are also engaged in the trading of stainless steel products, due to the fact that they are either having an agency of some leading manufacturers or their having a holding capacity for assorted material. However there is no conflict with the manufacturing activity of the Company.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Business interest amongst group companies

Some of our Companies have trading relations with us. For further details please refer Key Managerial Personnel appearing on page no. 96 of the Offer Document.

Interest of Promoters

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. For further details please refer Related Party Transaction appearing on page no 154 of this Offer Document.

Except as mentioned above the promoters do not have any interest in the business of the company.

Payment or benefit to Promoters of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company.



Company/firm from which the promoters have disassociated themselves during preceding three years

One of our Promoter Director Mr. Ashok M. Seth has resigned from M/s Navkar Constructions (India) [Partnership Firm] with effect from 5th December 2008 due to non materialization of business for which he had entered into partnership.

Related Party Transactions as per Financial Statements

The details of related party transactions please refer to page no. 154 of this Prospectus.

CURRENCY OF PRESENTATION

In this Prosepctus, all references to "Rupees" "Rs." are to the legal currency of India and all references to "U.S. Dollars", and "US\$" are to the legal currency of the United States.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" etc. in the Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Restated Financial Statements prepared as per Indian GAAP.

For the convenience of the Shareholders, as far as possible the reporting unit has been maintained as Rupees in Lacs (Rupees in Hundred Thousands).

**DIVIDEND POLICY**

The Board of Directors of the company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the members interim dividend if it considers justified by the profits generated by the company.

We have declared dividend for the last 8 consecutive years and the details of the same are as under:

Financial Year	Dividend paid including Interim Dividend
2009-10	12%
2008-09	10%
2007-08	20%
2006-07	20%
2005-06	20%
2004-05	20%
2003-04	20%
2002-03	20%



PART III

SECTION IV: FINANCIAL STATEMENTS

AUDITORS' REPORT

(As required by Part II of Schedule II to the Companies Act, 1956)

To
The Board of Directors
Prakash Steelage Limited
701, Mahalaxmi Chambers,
Bhulabhai Desai Road,
Mumbai-400026, India

1. We, Khandelwal Jain & Co., Chartered Accountants ('KJCO') and D.C. Bothra & Co., Chartered Accountants ('DCB') (collectively 'the joint auditors') have examined the attached Restated Summary Statement of assets and liabilities of Prakash Steelage Limited ('the Company') as of March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and the related Restated Summary Statement of profits and losses and Restated Summary Statement of cash flows for the financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 (collectively the 'Restated Summary Statements'). These Restated Summary Statements have been prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:
 - (a) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act'); and
 - (b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;
2. We have examined such restated financial information taking into consideration:
 - (a) The terms of reference dated July 01, 2010 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed Initial Public Offering ('IPO') of equity shares and
 - (b) 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

3. The Restated Summary Statements of the Company have been extracted by the management from the Financial Statements of the Company for the years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 which have been approved by the Board of Directors. Audit of the Financial Statements of the Company for the years ended March 31, 2010, March 31, 2009 and March 31, 2008 was conducted jointly by us and for the years ended March 31, 2007 and March 31, 2006, the audit of the Financial Statements of the Company was conducted solely by DCB, one of the joint auditors.

This report, in so far as it relates to the amounts included for the financial years ended March 31, 2007 and March 31, 2006 are concerned, is based on the Audited Financial Statements of the Company which were audited solely by DCB and whose Auditors' reports have been relied upon by KJCO for the said years.

4. In accordance with the requirements of Paragraph B(1) of Part II of schedule II of the Act, the Regulations and terms of our engagement agreed with you, we report that:



- (a) The Restated Summary Statements of the Company as at and for the years ended March 31, 2007 and March 31, 2006 based on the Audited Financial Statements of the Company which were solely audited by DCB and whose Auditors' reports have been relied upon by KJCO for the said years and for the years ended March 31, 2010, March 31, 2009 and March 31, 2008 jointly examined by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure IV and V to this report.
- (b) Based on the above and also as per the reliance placed by KJCO on the Audited Financial Statements of the Company which were audited solely by DCB and the Auditors reports of DCB for the years ended March 31, 2007 and March 31, 2006
5. (i) *As stated in Note 5(a)(i) appearing in Annexure V(A) to the Restated Summary Statements, we draw attention to the fact that the Auditor's reports on the financial statements of the Company for the year ended March 31, 2010, March 31, 2009 and March 31, 2008 has been qualified as some of the balances of Sundry Debtors, Deposits, Loans & Advances, Unsecured Loan taken, Advance received from Customer and Sundry Creditors being subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any, and the resulting impact thereof on the accounts is not ascertainable.*
- (ii) *As stated in Note 5(a)(ii) appearing in Annexure V(A) to the Restated Summary Statements, we draw attention to the fact that the Auditor's reports on the financial statements of the Company for the year ended March 31, 2009 and March 31, 2008 has been qualified as non ascertainment of Creditors falling under Micro, Small and Medium Enterprises Development Act, 2006 and consequent non-provision of Interest on amounts due to such creditors, the resulting impact thereof on the accounts is not ascertainable.*
- (iii) *As further elaborated in Note 5(a)(iii) appearing in Annexure V(A) to the Restated Summary Statements, we draw attention to the fact that the Auditor's reports on the financial statements of the Company for the year ended March 31, 2010 and March 31, 2009 have been qualified in respect of non-provision of penalty under the Income tax Act, 1961 on income declared at the time of search operation carried out by the income tax authorities during the year 2008-09 as the same has not yet been quantified and the resulting impact on the accounts is not ascertainable. The financial statements of the Company for the year ended March 31, 2009 has also been qualified in respect of the amount of income of Rs.710.97 lacs declared at the time of such search operations which could not be verified in the absence of relevant records and the resulting impact thereof on the accounts is not ascertainable.*
6. Based on the above, we are of the opinion that the Restated Summary Statements have been made, after incorporating:
- Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods and
 - Adjustments for the material amounts in the respective financial years to which they relate.
 - And there are no extraordinary items that need to be disclosed separately in the Restated Summary Statements and qualifications requiring adjustments *except to the extent stated in paragraph 5 above.*
7. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2010. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2010.



Other Financial Information

8. At the Company's request, we have examined the following Other Financial Information proposed to be included in the Offer Document, prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006. In respect of the financial years ended March 31, 2007 and March 31, 2006 this information has been included based on the Audited Financial statements of the Company which were audited solely by DCB and whose Auditors' reports have been relied upon by KJCO for the said years.
- (a) Annexure VI- Restated Statement of Fixed Assets;
 - (b) Annexure VII- Restated Statement of Sundry Debtors;
 - (c) Annexure VIII- Restated Statement of Loans and Advances;
 - (d) Annexure IX- Restated Statement of Secured Loans;
 - (e) Annexure X- Restated Statement of Unsecured Loans;
 - (f) Annexure XI- Restated Statement of Current Liabilities and Provisions;
 - (g) Annexure XII- Restated Statement of Other Income;
 - (h) Annexure XIII- Restated Statement of Contingent Liabilities;
 - (i) Annexure XIV- Statement of Dividend;
 - (j) Annexure XV- Statement of Accounting and other Ratios;
 - (k) Annexure XVI- Statement of Capitalization;
 - (l) Annexure XVII- Tax Shelter Statement;
 - (m) Annexure XVIII- Restated Statement of Related Party Transactions

In our opinion, the Other Financial Information as disclosed in the Annexures to this report as referred to above, read with the respective Significant Accounting Policies as set out in Annexure IV and Notes to Restated Summary Statements as set out in Annexure V, and also as per the reliance placed by KJCO on the Audited Financial Statements of the Company which were audited solely by DCB and the Auditors' reports of DCB for the years ended March 31, 2007 and March 31, 2006 as stated above and prepared after making the adjustments and regrouping as considered appropriate and *subject to any adjustment that may be required in respect of matters stated in paragraph 5 above*, have been prepared in accordance with Part II of Schedule II of the Act and the Regulations.

9. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by either any of us singly or issued jointly or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose except with our prior written consent.

For **Khandelwal Jain & Co.**
Chartered Accountants
 Firm Registration No: 105049W

Sd/-

Narendra Jain
Partner
 Membership No. 048725
 Mumbai
 July 10, 2010

For **D. C. Bothra & Co.**
Chartered Accountants
 Firm Registration No: 112257W

Sd/-

Pawan Bothra
Partner
 Membership No. 031215
 Mumbai
 July 10, 2010

Restated Summary Statement of Profits and Losses

Annexure- I

(Rs. in Lacs)

Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
INCOME					
Sales-					
Of products manufactured	21,771.90	16,002.41	10,346.99	9,312.95	5,536.87
Of products traded	21,938.47	13,062.35	11,596.85	5,822.29	4,223.50
Net Sales	43,710.37	29,064.76	21,943.84	15,135.24	9,760.37
Export Incentives	148.25	142.13	58.85	82.08	106.18
Fluctuation Gain in Foreign Currency	199.98	-	36.53	7.93	-
Other Income	73.34	163.56	43.16	2.56	3.17
Increase/ (Decrease) in Stock	(293.34)	2,876.91	1,155.83	777.82	24.29
Total Income	43,838.60	32,247.36	23,238.20	16,005.63	9,894.02
EXPENDITURE :					
Purchases	21,526.08	13,693.02	11,922.85	6,333.42	4,054.06
Raw Material Consumed	15,047.57	13,565.90	8,406.70	8,338.06	5,076.40
Stores & Spares Consumed	856.53	559.82	313.01	188.73	170.93
Manufacturing & Other Expenses	555.09	265.57	219.51	85.11	76.59
Employees' Remuneration and Benefits	522.20	352.78	196.16	33.86	26.80
Administrative & Selling Expenses	816.74	698.16	390.62	270.55	170.26
Fluctuation Loss in Foreign Currency	-	655.50	-	-	16.26
Interest & Finance Charges	1,389.77	1,002.44	430.07	209.15	130.48
Depreciation	383.59	244.62	122.14	42.45	31.53
Total Expenditure	41,097.57	31,037.82	22,001.05	15,501.33	9,753.32
Restated Profit Before Tax	2,741.03	1,209.55	1,237.15	504.30	140.69
Provision for Tax					
Current Tax	890.00	271.95	217.50	187.00	59.16
Fringe Benefit Tax	-	17.29	11.00	5.20	5.16
Wealth Tax	0.48	0.63	0.40	0.04	-
Deferred Tax	68.36	182.71	187.87	(2.24)	(4.63)
Restated Profit After Tax for the year	1,782.19	736.97	820.38	314.30	81.00
Balance Brought Forward from last year	986.20	566.39	83.99	(15.61)	33.66
Profit Available For Appropriation	2,768.39	1,303.36	904.38	298.69	114.66
Appropriation					
Transfer to General reserve	300.00	200.00	200.00	125.00	125.00
Less: Adjustment for General reserve debited in 2008-09 for exchange fluctuation (Refer Note 2(i) of Annexure V (A))	-	-	(73.47)	-	-
Net Transfer to General reserve	300.00	200.00	126.53	125.00	125.00
Dividend Proposed	135.00	100.14	180.74	76.67	4.62



Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
Tax on Dividend	22.42	17.02	30.72	13.03	0.65
Total Appropriations	457.42	317.16	337.99	214.69	130.27
Balance Carried to Balance Sheet	2,310.97	986.20	566.39	83.99	(15.61)

Notes:

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.

Restated Summary Statement of Assets and Liabilities

Annexure-II

(Rs. in Lacs)

	Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
A	FIXED ASSETS					
	Gross block	6,684.56	6,598.74	4,008.48	564.77	429.95
	Less: Accumulated Depreciation	1,021.32	645.21	400.59	278.45	234.47
	Net Block	5,663.24	5,953.53	3,607.89	286.32	195.48
	Add: Capital Work in Progress	581.20	23.36	-	1,777.00	44.61
	Total	6,244.44	5,976.89	3,607.89	2,063.32	240.08

B	CURRENT ASSETS LOANS & ADVANCES					
	Inventories	6,382.23	6,685.46	4,067.01	1,952.26	1,619.00
	Sundry Debtors	11,174.84	7,314.81	8,600.08	2,682.85	1,709.54
	Cash & Bank balances	946.28	491.72	272.95	337.63	130.28
	Other Current Assets	181.26	131.02	34.49	75.60	83.74
	Loans & Advances	4,082.71	2,491.40	1,500.66	671.82	180.00
	Total	22,767.32	17,114.41	14,475.18	5,720.16	3,722.55

C	LIABILITIES & PROVISIONS					
	Secured Loans	9,831.37	8,752.90	4,755.64	2,088.48	431.39
	Unsecured Loans	4,280.50	3,981.84	3,286.97	1,639.53	811.35
	Current Liabilities	8,736.62	6,205.21	7,193.34	2,885.76	2,203.49
	Provisions	624.38	259.11	257.41	136.80	42.46
	Deffered Tax Liabilities	451.26	382.90	200.19	12.32	14.56
	Total	23,924.13	19,581.97	15,693.55	6,762.88	3,503.24

D	Share Application Money	-	-	-	-	126.90
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	NET WORTH (A + B - C - D)	5,087.63	3,509.33	2,389.52	1,020.59	332.49
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E	Share Capital (Refer Note 2 given below)	1,125.00	1,125.00	1,000.00	810.00	23.10
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F	RESERVES & SURPLUS					
	General Reserve	753.13	453.13	253.13	126.60	325.00
	Share Premium Account (Refer Note 9 of Annexure V (B))	898.53	945.00	570.00	-	-
	Profit and Loss Account	2,310.97	986.20	566.39	83.99	(15.61)
	Total	3,962.63	2,384.32	1,389.52	210.59	309.39

	NET WORTH (E + F)	5,087.63	3,509.32	2,389.52	1,020.59	332.49
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Notes:

- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV & V respectively.
- The Company has issued 32,34,000 equity share of Rs.10 each fully paid up as bonus shares in the ratio of 14 bonus shares for every 1 share held on February 15, 2007 by capitalization of balance in General Reserve.

Restated Summary Statement of Cash Flows

Annexure - III

(Rs. in Lacs)

	Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
A	CASH FLOW FROM OPERATING ACTIVITIES					
	Restated Net Profit Before Tax And Extraordinary Items	2,741.03	1,209.55	1,237.15	504.30	140.69
	Adjustment for:					
	Depreciation	383.59	244.62	122.14	42.45	31.53
	Preliminary Expenses Written Off	-	-	-	1.40	2.58
	Profit on Sale of Asset	(1.04)	-	-	-	0.06
	Loss on theft of Asset	0.17	-	-	-	-
	Share Issue Expenses	-	-	7.10	-	-
	Sundry Balances Written back / Off	(26.98)	13.92	2.25	-	3.79
	Interest received	(45.31)	(63.19)	(43.16)	(2.56)	(2.77)
	Interest and Finance Charges	1,389.77	1,002.44	430.07	209.15	130.48
	Operating Profit Before Working Capital Changes	4,441.22	2,407.34	1,755.54	754.74	306.36
	Adjustment for:					
	Inventories	303.23	(2,618.45)	(2,114.75)	(333.26)	(580.52)
	Trade & Other Receivables	(5,518.07)	172.59	(6,704.67)	(1,457.22)	(11.17)
	Trade Payables	2,617.48	(958.13)	4,262.92	679.82	290.91
	Cash Generated from Operations	1,843.87	(996.65)	(2,800.95)	(355.92)	5.57
	Direct Taxes Paid	(580.40)	(208.93)	(233.43)	(180.57)	(44.36)
	Net Cash From / (Used In) Operating Activities (A)	1,263.47	(1,205.58)	(3,034.38)	(536.49)	(38.79)
B	CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of Fixed Assets / Capital work-in-progress	(793.39)	(2,613.63)	(1,666.71)	(1,865.69)	(109.09)
	Sale of Assets	8.79	-	-	-	5.30
	Interest received	45.17	65.92	40.62	2.79	1.67
	Net Cash From / (Used In) Investing Activities (B)	(739.42)	(2,547.71)	(1,626.09)	(1,862.90)	(102.12)
C	CASH FLOW FROM FINANCING ACTIVITIES					
	Proceeds from Issue of Shares	-	500.00	760.00	463.50	-
	Proceeds/(Repayments)of Share Application Money	-	-	-	(126.90)	126.90
	Proceeds from Borrowings	1,511.45	4,692.13	4,314.60	2,485.27	207.90
	Share Issue Expenses	(46.47)	-	(7.10)	-	-



Particulars	31-Mar-2010	31-Mar-2009	31-Mar-2008	31-Mar-2007	31-Mar-2006
Preliminary Expenses	-	-	-	(1.40)	(2.58)
Interest and Finance Charges paid	(1,417.31)	(1,008.61)	(382.02)	(208.47)	(129.68)
Dividend & Dividend tax paid	(117.16)	(211.46)	(89.69)	(5.27)	(5.27)
Net Cash from Financing Activities (C)	(69.48)	3,972.06	4,595.79	2,606.74	197.27
Net Increase / (Decrease) in Cash (A)+(B)+(C)	454.56	218.78	(64.68)	207.35	56.37
Cash and Cash equivalents at the beginning of the year	491.72	272.95	337.63	130.28	73.91
Cash and Cash equivalents at the end of the year	946.28	491.72	272.95	337.63	130.28

Notes:

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
2. Negative figures have been shown in brackets.
3. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.

**ANNEXURE IV - Significant Accounting Policies****I SIGNIFICANT ACCOUNTING POLICIES:****1) Nature of Operations**

Prakash Steelage Limited was incorporated in the year 1991. The Company is engaged in manufacturing and trading of Stainless Steel Welded / Seamless Pipes and Tubes and Trading of Ferrous & Non-Ferrous Metals.

2) Basis of Preparation

The Restated Summary Statement of assets and liabilities of Prakash Steelage Limited (the "Company") as at March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006 and the Restated Summary Statement of profits and losses and Restated Summary Statements of Cash Flows for the years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and the Annexures thereto (collectively, the "Restated Summary Statements") have been extracted by the management from the Financial Statements of the Company for the years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006.

The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable. The accounting policies have been consistently applied by the Company with those used in the previous year, except for change in accounting policies discussed in Note 2 of Annexure V (A).

3) Use of Estimates

The preparation of Financial Statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year/period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4) Fixed Assets

Fixed Assets have been stated at cost of acquisition inclusive of expenses directly attributable to the acquisition of such assets. Elements of refundable duties and taxes on capital goods purchased have been reduced from the total cost of such assets.

5) Depreciation

Depreciation on fixed assets has been provided on Written Down Value Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for Fixed Assets pertaining to Umbergaon Unit where depreciation is charged on Straight Line Method (SLM) at the rates prescribed in schedule XIV to the Companies Act, 1956.

6) Pre-operative Expenses and Allocation thereon

All pre-operative expenditure & trial run expenditure are accumulated as Capital Work-in-Progress and is allocated to the relevant fixed assets on a pro-rata / reasonable basis depending on the prime cost of assets.



7) Valuation of Inventories

- i) Raw Materials have been valued at lower of cost or net realisable value based upon FIFO method except where the material is specifically identifiable.
- ii) Work-in-progress has been valued on cost of raw-material and other direct cost depending upon the stage of completion of production in general.
- iii) Finished goods and trading stocks have been valued at lower of cost or net realisable value based upon FIFO method except where the finished goods are specifically identifiable.
- iv) Scrap, defectives and inferior production have been valued at net realizable value.
- v) Stores, spares and consumables have been valued at lower of cost or net realisable value.

Cost/Rate considered above for valuation of inventory is exclusive of Cenvat, refundable CVD and VAT component and inclusive of other direct cost incurred for acquiring the respective material.

8) Revenue Recognition

A sale is recognized at the time of dispatching the goods to the customer excluding Value Added Tax & Excise Duty collection. Purchases including import purchases are recognized net of refundable Value Added Tax and Duty component at the time of receipt of goods.

Export benefits have been recognized at the time of making the export sales & valued on estimated monetary benefit receivable there from.

9) Foreign Exchange Transactions

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Exchange differences, other than those which are regarded as an adjustment to interest cost, arising on repayment of liabilities and conversion of year-end foreign currency balances pertaining to long term loans for acquiring depreciable assets including capital work in progress are adjusted in the carrying cost of these assets.
- v) The premium or discount arising at the inception of a forward exchange contract not intended for trading or speculation purpose is amortised as expense or income over the life of the contract. Exchange difference on account of change in rate of underlying currency at the year end is recognized in the profit and loss account. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

In recording a forward exchange contract intended for trading or speculation purpose, the premium or discount on the contract is ignored and at each balance sheet date, the value of the contract is marked to its current market value and gain or loss on the contract is recognized in the profit and loss account.



- vi) The exchange difference arising on revenue and other account except as stated under (iv) above is adjusted in the Profit and Loss Account.

10) Employee Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Account.

11) Preliminary & Share Issue Expenses

Preliminary and Share Issue expenses are written off in the year in which such expenditure is incurred.

12) Excise Duty on Finished Goods

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in the stock as at the year end.

13) Duties and Taxes on Purchases

Refundable duties and taxes on purchase of Raw Materials, other eligible inputs and capital goods are adjusted against duties and taxes payable. The unadjusted credits of such duties and taxes are shown under the head "Loans and Advances.

14) Export Benefits

The Company accounts for Export Benefits under duty exemption Advance License Scheme of the Government of India, in the year of exports of goods.

15) Prior Period Adjustment

Expenses and income pertaining to earlier / previous years are accounted as Prior Period Items.

16) Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of cost of assets, up to the date, the asset is put to use. Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

17) Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted



as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

18) Impairment of assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which assets are identified as impaired, the impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

Annexure V - Notes to Restated Summary Statements

(A) Material Adjustments

- Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profit / losses and assets and liabilities of the Company is as under:

Impact on Profit / Losses -

(Rs. in Lacs)

Particulars	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Impact due to change in Accounting Policy						
Exchange Differences on Long Term Foreign Currency Monetary Items (Refer Note 2 (i))						
Exchange Fluctuation	-	-	(75.01)	-	-	-
Depreciation	-	-	1.54	-	-	-
Deferred Tax	-	(24.97)	24.97	-	-	-
Excise Duty on Closing Stock (Refer Note 2 (ii))						
Increase / (Decrease) in Stock	-	(83.57)	39.16	17.29	2.13	-
Manufacturing & Other Expenses	-	83.57	(39.16)	(17.29)	(2.13)	-
Preliminary Expense W/o (Refer Note 2 (iii))	-	-	3.97	(1.39)	(2.58)	-
Impact due to Prior Period Adjustments						
Prior Period Adjustments (Refer Note 3 (i))	(2.66)	(50.21)	55.25	0.44	(2.60)	(0.21)
Impact due to Short Provision for Taxes						
Short Provision for Income Tax (Refer Note 3(ii))	17.61	8.05	(17.50)	10.58	(8.16)	(10.59)
Short Provision for Fringe	3.29	(3.29)	-	-	-	-



Particulars	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Benefit Tax (Refer Note 3(iii))						
Short Provision for Wealth Tax (Refer Note 3(iv))	1.06	(0.63)	(0.40)	(0.04)	-	-
Others						
Exclusion of sales between Head Office and Branch from Sales (Refer Note 3 (v))	-	-	(813.18)	(723.93)	-	-
Exclusion of purchases between Head Office and Branch from Purchases (Refer Note 3 (v))	-	-	813.18	723.93	-	-
NET INCREASE / (DECREASE) IN PROFIT	19.30	(71.05)	(7.18)	9.59	(13.34)	(10.80)

Figures in bracket indicates decrease in Profit.

Impact on Assets and Liabilities -

Sr. No.	Particulars	(Rs. in Lacs)			
		31.03.2009	31.03.2008	31.03.2007	31.03.2006
A	Fixed Assets				
	Gross Block	-	(95.25)	-	(17.05)
	Accumulated depreciation	-	(1.93)	-	-
	CWIP	-	-	-	17.05
B	Inventories	-	83.57	44.41	27.12
C	Cash & Bank Balances	-	1.72	(1.27)	(1.50)
D	Other Current Assets	-	34.49	75.60	83.74
E	Loans & Advances	0.20	(0.21)	(259.63)	(134.68)
F	Unsecured Loans	-	(49.22)	-	-
G	Current Liabilities	(2.47)	96.07	85.45	29.71
H	Provisions	21.97	26.10	(215.76)	(33.47)
I	Deferred Tax Liability	-	(24.97)	-	-
J	Reserves & Surplus	(19.30)	(21.73)	(14.55)	(24.14)
K	Miscellaneous Expenditure	-	-	(1.40)	(2.58)

Figures in bracket indicates decrease in Assets / Liabilities

2. Change in Accounting Policy

i) Exchange Differences on Long Term Foreign Currency Monetary Items

During the year ended March 31, 2008 the Company followed the policy of charging exchange differences arising on long term foreign currency monetary assets and liabilities to profit and loss account. During the year ended March 31, 2009, pursuant to Companies (Accounting Standards) Amendments Rules, 2009, the Company exercised with retrospective effect, the option available vide Notification No. GSR 225 (E) dated 31st March 2009 issued by the Ministry of Corporate affairs under section 211 (3C) of the Companies Act, 1956 relating to Accounting standard 11 "The Effect



of Changes in Foreign Exchange Rates” and accordingly, the exchange difference arising on repayment of liability and conversion of year end foreign currency balances in respect of such long term loan relating to acquisition of depreciable capital assets has been adjusted to the cost of the respective assets/ capital work in progress which was hitherto recognize to profit and loss account except to the extent that they were regarded as an adjustment to the interest cost during the period of construction. Accordingly, the exchange gain of Rs.75.01 lacs pertaining to the year 2007-08 and the depreciation of Rs.1.54 lacs attributable to such exchange gain were adjusted to the fixed assets in the year 2008-09 by corresponding debit to the general reserve account net of depreciation by Rs.73.47 lacs.

For the purpose of this restatement, the profit of the year March 31, 2008 has decreased by Rs.75.01 lacs for exchange gain and increased by Rs.1.54 lacs and Rs.24.97 lacs for depreciation and consequential deferred tax respectively. As a result, profit for the year 2007-08 has been lower by Rs.48.50 lacs. Correspondingly, the fixed assets and deferred tax liability have decreased by Rs.73.47 lacs and Rs.24.97 lacs respectively.

ii) Excise duty on un-cleared manufactured finished goods

Upto March 31, 2008 the Company valued the closing inventory of manufactured finished goods exclusive of excise duty i.e. the excise duty on such finished goods was being accounted upon the clearance of these goods from the factory. From the year ended March 31, 2009 the Company has adopted the policy of valuing the closing inventory of manufactured finished goods inclusive of excise duty.

Consequent to the change in accounting policy the inventory of finished goods and liability of excise duty has increased by Rs. 83.57 lacs, 44.41 lacs, and 27.12 lacs for the year ended 31 March, 2008, 31 March, 2007 and 31 March, 2006.

Further, this restatement has resulted in increase in manufacturing & other expenses and net increase in stock by Rs. 39.16 lacs, 17.29 lacs and 2.13 lacs in the years ended 31 March,2008, 31 March,2007 and 31 March,2006 respectively and decrease in manufacturing & other expenses and net decrease in stock by Rs.83.57 lacs in the year ended 31 March,2009 .However, the change in accounting policy has no effect on the profit for the said years of the Company.

iii) Preliminary & Share Issue Expenses

Upto March 31, 2007 the Company amortized Preliminary and share issue expenses equally over the period of five years commencing from the year of incurrance of such expenses. From the year ended March, 08 the Company has adopted the policy of writing off such expenses in the year in which they are incurred. Outstanding unamortized preliminary and share issue expenses aggregating Rs.3.97 lacs were written off in the year March 31, 2008

For the purpose of restatement, Profit for the year March 31, 2008 has increased by Rs.3.97 lacs and profit for the years March 31, 2007 and March 31, 2006 have decreased by Rs.1.39 lacs and Rs.2.58 lacs respectively in which these expenses were actually incurred.

3. Other Material Adjustments

i) Prior Period Adjustments

In the financial statements for the year ended March 31, 2010, March 31, 2009 and March 31, 2008, the Company has classified certain transactions as prior period items. Accordingly, for the purpose of the Restated Summary Statements, the said transactions of income /expense have been



appropriately adjusted in the respective years to which they relate. Details of the same are as under:-

Prior Period Expenditure

- The financial statement for the year ended March 31, 2010 includes prior period expenses for the year ended March 31, 2009 amounting to Rs.8.76 lacs. Accordingly for this restatement, these prior period expenses have been adjusted in the respective year.
- The financial statement for the year ended March 31, 2009 include prior period expenses for the year ended March 31,2008 amounting to Rs.12.24 lacs and for the year ended March 31,2007 amounting to Rs.0.65 lacs. Accordingly for this restatement, these prior period expenses have been adjusted in the respective year.
- The financial statement for the year ended March 31, 2008 include prior period expenses for the year ended March 31,2006 amounting to Rs.2.60 lacs and for the year ended March 31,2005 amounting to Rs.0.21 lacs. Accordingly for this restatement, these prior period expenses have been adjusted in the respective year and the expenses pertaining to period prior to April 01, 2005 have been adjusted in the brought forward opening balance of Profit & Loss A/c in the year 2005-06.

Prior Period Income

- The financial statement for the year ended March 31, 2010 includes prior period income for the year ended March 31, 2009 amounting to Rs.11.42 lacs. Accordingly for this restatement, these prior period income have been adjusted in the respective year.
- The financial statement for the year ended March 31, 2009 includes prior period income for the year ended March 31, 2008 amounting to Rs.65.76 lacs. Accordingly for this restatement, these prior period income have been adjusted in the respective year.
- The financial statement for the year ended March 31, 2008 includes prior period income for the year ended March 31, 2007 amounting to Rs.1.09 lacs. Accordingly for this restatement, these prior period income have been adjusted in the respective year.

ii) Short Provision of Income Tax

The Profit and loss account of year ended March 31, 2010 includes short provision for Tax for the year ended March 31,2006 and March 31,2009 amounting to Rs.8.16 lacs and 9.45 lacs respectively, year ended March 31, 2009, include short provision for tax for the year ended March 31,2008 amounting to Rs.17.50 lacs, year ended March 31, 2007 include short provision for Tax for the year ended March 31,1999, March 31,2000 and March 31,2002 amounting to Rs.6.57 lacs , Rs.0.58 lacs, Rs.3.43 lacs respectively, Accordingly for this restatement, such short provision has been adjusted in the respective year and the short provision pertaining to period prior to April 01, 2005 have been adjusted in the brought forward opening balance of Profit & Loss A/c in the year 2005-06.

iii) Short Provision of Fringe Benefit Tax

The Profit and loss account of year ended March 31, 2010 includes short provision for Fringe Benefit Tax for the year ended March 31, 2009 amounting to Rs.3.29 lacs. Accordingly for this restatement, such short provision has been adjusted in the respective year.



iv) Short Provision of Wealth Tax

The Profit and loss account of year ended March 31, 2010 includes short provision for Wealth Tax for the year ended March 31,2009, March 31,2008 and March 31,2007 amounting to Rs.0.63 lacs , 0.40 lacs and 0.04 lacs respectively. Accordingly for this restatement, such short provision has been adjusted in the respective year.

v) Transfer of goods between Head Office and Branches

For the year ended March 31,2007 and March 31,2008 the Company has recognized sales and purchases inclusive of transfer of goods between head office and branches amounting to Rs.723.93 lacs and 813.18 lacs respectively. These transfer of goods have been excluded from sales and purchases in the restated statements in line with the procedures followed in other years. However, the said change has no effect on the profit for the said years of the Company.

4. REGROUPINGS

Appropriate 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, in order to bring them in line with the groupings as per the audited interim financials of the Company for the year ended March 31, 2010.

5. NON- ADJUSTMENT ITEMS

a) Auditors Qualifications requiring corrective adjustments in the restated summary statements

- i) The auditors have qualified their audit reports for the years ended March 31, 2010, March 31, 2009 and March 31, 2008 and stated that some of the balances of Sundry Debtors, Deposits, Loans & Advances, Unsecured Loan taken, Advance received from Customers and Sundry Creditors were subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any, and the resulting impact thereof on the accounts is not ascertainable.
- ii) The auditors have qualified their audit report for the years ended March 31,2009 and March 31,2008 and stated that Creditors falling under Micro, Small and Medium Enterprises Development Act, 2006 have not been ascertained and consequently the resulting impact on the accounts of non-provision of Interest on amounts due to such creditors have not been ascertained, the resulting impact thereof on the accounts is not ascertainable.
- iii) During the course of search operations u/s 132 of the Income Tax Act, carried out by the income tax authorities on the Company in the year 2008-09, based on the professional advice and to buy peace, an undisclosed income of Rs.710.97 lacs was declared.

The tax liability (including interest) amounting to Rs.262.44 lacs arising as a result of such declaration has been provided for in the books of accounts of the year 2008-09. However, based on professional advice, the penalty, if any, payable on the tax liability has not yet been provided for, as the same has not been quantified by the Tax authorities pending the assessment.

The auditors have qualified their audit report for the year ended March 31, 2009 and stated that in the absence of proper records of inventories, other incomes, and prior period income & information and explanation pertaining to these declared incomes, which to the best of their



knowledge were necessary for the purpose of their audit, these incomes could not be verified and the consequential impact thereof on the accounts cannot be ascertained.

The auditors have further qualified their audit reports for the year ended March 31, 2010 March 31, 2009 and stated that the resulting impact of non-provision of penalty on taxes payable on such declared incomes could not be ascertained.

The auditors have also qualified their audit report issued under the Companies (Auditors' Report) Order, 2003 (CARO) for the year ended 31st March, 2009 and stated that in view of the above declaration of undisclosed income, the procedure of physical verification of inventory followed by the management, maintenance of records of inventory, internal control system for the purchase of inventory and fixed assets and for the sale of goods existing in the Company need to be improved and the scope of internal audit needs to be enlarged to plug such weakness in the internal control system.

b) Other Audit qualifications, which do not require any corrective adjustment in the restated summary statements, are as follows:

CARO, 2003

- i) In the year 2009-10, undisputed Statutory Dues including Employees' Provident Fund, Employees' State Insurance (ESIC), Tax Deducted at Source, Service Tax, Income Tax, Wealth Tax and Profession Tax have been regularly deposited with the appropriate authorities however, there have been some delay in depositing such dues. In the year 2008-09, undisputed statutory dues including Employees' Provident Fund, Employees' State Insurance,(ESIC), Tax Deducted at Source, Service tax and Profession Tax were not regularly deposited. In the years 2007-08, 2006-07 and 2005-06 there was some delay in deposit of Provident fund dues.
- ii) In the years 2006-07 and 2005-06 the procedure of physical verification followed by the management was required to be further improved.
- iii) In the years 2006-07 and 2005-06 the auditors were unable to express any opinion on the regularity of payment of principal amounts borrowed from the parties covered under Section 301 in the absence of written terms and conditions as to time of repayment of loans and interest thereon.
- iv) In the years 2006-07 and 2005-06 internal control procedures for the purchase of inventory and fixed assets and for the sale of goods needed to be strengthened.
- v) In the year 2006-07 the auditors stated that the unsecured loans and deposits taken from the director is not in conformity of directions issued by Reserve Bank of India and provisions of Section 58A of the Companies Act, 1956 and rules made there under, have been repaid by the Company during the year . Any deposit from small depositor has not been accepted by the Company. To the best of our knowledge and belief no order has been passed by the Company Law Board or others towards accepting such deposits.
- vi) In the years 2006-07 and 2005-06 the auditors were unable to comment whether the inter corporate loans raised by the Company were for the short term or long term purposes in the absence of written terms and conditions as to time of repayment of loans and interest thereon.

**(B) Other Notes**

- | | As on 31.03.10
Rs. in Lacs | As on 31.03.09
Rs. in Lacs |
|---|-------------------------------|-------------------------------|
| 1) Estimated amount of contracts remaining to be executed on Capital Account and not Provided for (Net of Advances) | 252.56 | 231.29 |
| 2) Details of Contingent liabilities not provided for are given in Annexure XIII. | | |
| 3) The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006, (MSMED Act) as at 31-3-2010. The disclosure pursuant to the said Act is as under: | | |

Particulars	As on 31.03.2010 (Rs.)
Principal amount due to suppliers under MSMED Act, 2006	300,279
Interest accrued and due to suppliers under MSMED Act, on the above amount	NIL
Payment made to suppliers (other than interest) beyond the appointed day, during the year	NIL
Interest paid to suppliers under MSMED Act, (Other than Section 16)	NIL
Interest paid to suppliers under MSMED Act, (Section 16)	NIL
Interest due and payable to suppliers under MSMED Act, for payments already made	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	NIL

The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company. The identification of enterprises as micro, small or medium suppliers has been carried out during the current year. Hence comparative figures for the previous year have not been furnished.

- 4) 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.
- 5) The Company has reviewed its fixed assets for impairment loss as at March 31, 2010, March, 31 2009 and March 31, 2008 as required by Accounting Standard 28 "Impairment of Assets". In the opinion of management no provision for impairment loss is considered necessary.
- 6) Related Party Disclosures as required in terms of 'Accounting Standard -18 are given in Annexure XVIII.
- 7) Earnings Per Share (EPS) as required in terms of 'Accounting Standard -20 are given in Annexure XV.
- 8) The Tax effect of Significant Timing (Temporary) Differences that resulted in Deferred Tax Assets & Liabilities and description of the Financial Statement items that creates these differences are as follows:



Particulars	Balance as on 1st April, 09 (Rs. in Lacs)	(Charged) / Credited To P & L (Rs. in Lacs)	Balance as on 31 st March, 10 (Rs. in Lacs)
<u>Deferred Tax Liabilities</u>			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(392.67)	(74.57)	(467.24)
Total (A)	(392.67)	(74.57)	(467.24)
<u>Deferred Tax Assets:</u>			
Tax impact of expenses charged in the financial statement but allowable as deduction in future years under income tax:			
Outstanding Leave encashment, Gratuity and Bonus	9.77	6.21	15.98
Total (B)	9.77	6.21	15.98
Net Deferred Tax Assets / (Liabilities) (B - A)	(382.90)	(68.36)	(451.26)

- 9) In the year 2009-10, the Company has incurred expenses of Rs. 46.47 Lacs in connection with the proposed public issue of its equity shares. These expenses have been adjusted against Share Premium account, as permitted under Section 78 of the Companies Act, 1956.
- 10) Consequent to Accounting Standard 15 "Employee Benefits" (Revised 2005) becoming effective, the Company has made the provision for Defined Contribution Plan and Defined Benefit Plan.

I. Defined Contribution Plan:

During the year, the Company has recognized Rs.21.55 Lacs towards Provident Fund and Employees State Insurance Corporation as Defined Contribution Plan Obligation.

II. Defined Benefit Plan:

Gratuity & Leave Encashment

Liability is computed on the basis of Gratuity & Leave Encashment payable on retirement, death and other withdrawals as per the Act and already accrued for past service, with the qualifying wages/salaries appropriately projected, as per the Projected Unit Credit Method.

I. Actuarial Assumption

Particulars	Gratuity		Leave Encashment	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Discount Rate Current	8.25%	7.85%	8.25%	7.85%
Rate of Increase in Compensation Levels	6%	6%	6%	6%

II. Table Showing Change in Benefit Obligation

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Projected Benefit Obligations (PBO) at the beginning of the year	11.47	2.17	7.22	1.46
Interest Cost	0.95	0.18	0.60	0.12
Service Cost	7.18	3.29	3.97	1.33
Benefits paid	-	-	(2.42)	(1.88)
Actuarial (gain) / loss on Obligations	2.50	5.84	2.14	6.19
Projected Benefit Obligations (PBO) at the end of the Year	22.11	11.47	11.51	7.22

III. Tables of Fair value of Plan Assets

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Fair Value of Plan Assets at the beginning of the year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Contributions	-	-	2.42	1.88
Benefits paid	-	-	2.42	1.88
Gain / (loss) on Plan Assets	-	-	-	-
Fair Value of Plan Assets at the end of the year	-	-	-	-

IV. Tables of change in Plan Assets

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Fair Value of Plan Assets at the beginning of the year	-	-	-	-
Actual return on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value of Plan Assets at the end of the year	-	-	-	-

V. Funded Status

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Funded Status	(22.11)	(11.47)	(11.51)	(7.22)

VI. The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Present Value of Obligation	22.11	11.47	11.51	7.22
Fair value of Plan Assets	-	-	-	-
Diff	22.11	11.47	11.51	7.22
Unrecognised Actuarial gains (losses)	-	-	-	-
Unrecognised Transitional Liability	-	-	-	-
Liability Recognised in Balance Sheet	22.11	11.47	11.51	7.22

VII. Net Periodic Cost

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Current Service Cost	7.18	3.29	3.97	1.33
Interest Cost	0.95	0.18	0.60	0.12
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (gain) loss recognised in the year	2.50	5.84	2.14	6.19
Expenses Recognised in the Income Statement	10.63	9.31	6.71	7.64

VIII. Movements in the liability recognised in the Balance Sheet:

Particulars	Gratuity (Rs. in Lacs)		Leave Encashment (Rs. in Lacs)	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
Opening Net Liability	11.47	2.17	7.22	1.46
Expense as above	10.63	9.31	6.71	7.64
Contributions paid	-	-	(2.42)	(1.88)
Closing Net Liability	22.11	11.47	11.51	7.22

11) Remuneration to Key Managerial Personnel

Particulars	(Rs. in Lacs)	
	31-03-2010	31-03-2009
Salary	30.60	24.15
Contribution to Provident Fund	NIL	NIL
Perquisites	NIL	NIL
Total	30.60	24.15
Less: Transferred to Capital Work-In-Progress	NIL	7.17
Total	30.60	16.98

12) Segment Reporting:

The Company's operations predominantly relates to manufacturing and trading of "Stainless Steel Tubes & Pipes", Hence there is no separate reporting segment as per Accounting Standard 17 "Segment Reporting" as issued by The Institute of Chartered Accountants of India.

13) 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 the Company and as certified by the management and relied upon by the auditors :-

a) Licensed & Installed Capacity and Production

Class of goods	Unit of Quantity	Licensed Capacity		Installed Capacity		Actual Production	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Stainless steel tubes and pipes	M.T.	N.A.	N.A.	15600	15600	10699.273	6797.483
Scrap	M.T.	N.A.	N.A.	N.A.	N.A.	568.258	242.922

Note: The installed capacities are as certified by the management on which the auditors have placed reliance.

b) Particulars in respect of Sales

(1) Traded Goods

Class of Goods	Unit of Quantity	31.03.2010		31.03.2009	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
i) S.S. Pipe/Tubes	M.T.	2160.787	6,676.27	1677.937	4,446.96
ii) S.S. Sheet/Coil/Plate	M.T.	6249.525	15,262.20	4003.835	8,548.02
iii) S.S. Scrap	M.T.	NIL	NIL	62.965	67.37
Total			21,938.47		13,062.35

(2) Manufactured Goods

Class of Goods	Unit of Quantity	31.03.2010		31.03.2009	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
i) S.S. Pipe/Tubes	M.T.	10970.738	22,992.20	6426.448	17,819.63
ii) S.S. Scrap	M.T.	529.096	465.54	240.651	139.21
Total			23,457.74		17,958.84

c) Particulars in respect of purchases of Traded Goods

Class of Goods	Unit of Quantity	31.03.2010		31.03.2009	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
i) S.S. Pipe/ Tubes	M.T.	2161.318	6,214.58	1725.930	7,233.20
ii) S.S. Sheet/Coil/	M.T.	6585.756	15,311.50	4427.984	6,470.22



Class of Goods	Unit of Quantity	31.03.2010		31.03.2009	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
Plate					
Total			21,526.08		13,703.42

d) Particulars in respect of Stock Declared under Search Operations

Class of Goods	Unit of Quantity	31.03.2010		31.03.2009	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
i) S.S. Pipe/ Tubes	M.T.	N.A.	N.A.	181.623	369.98
ii) S.S. Sheet/Coil/ Plate	M.T.	N.A.	N.A.	148.811	192.64
Total			N.A.		562.62

e) Particulars of Opening & Closing Stock (Finished Goods)

(1) Traded Goods

Class of Goods	Unit of Quantity	31.03.2008		31.03.2009		31.03.2010	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
i) S.S. Pipe/ Tubes	M.T.	94.124	101.32	323.739	1,065.23	324.270	696.81
ii) S.S. Sheet/ Coil/Plate	M.T.	550.290	1,116.22	1123.250	2,094.94	1459.481	2,971.26
iii) S.S. Scrap	M.T.	63.186	75.09	0.222	0.24	0.222	0.24
Total			1,292.63		3,160.41		3,668.31

(2) Manufactured Goods

Class of Goods	Unit of Quantity	31.03.2008		31.03.2009		31.03.2010	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
i) S.S. Pipe/ Tubes	M.T.	340.356	685.92	711.391	1,529.98	439.926	801.41
ii) S.S. Scrap	M.T.	57.349	35.18	59.619	45.69	98.781	78.00
Total			721.10		1,575.67		879.41

f) Raw Materials & Components consumed / sold

Class of Goods	Unit of Quantity	31.03.2010		31.03.2009	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
Material	M.T.	11351.713	15,047.57	7384.092	13,565.90



g) Stores & Spares consumed / sold

Class of goods	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Material	856.53	560.01

h) CIF value of Imports

Class of goods	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Material	7,856.78	8,086.97

i) Expenditure in Foreign Currency (On actual payment basis)

	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Traveling & others	84.69	96.15

j) Earnings in foreign exchange on exports of goods (FOB Value)

	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Export of goods	1,890.18	3,224.56

k) Value of Raw Materials consumed / sold

Class of goods	31.03.2010		31.03.2009	
	Percentage (%)	Value (Rs. in Lacs)	Percentage (%)	Value (Rs. in Lacs)
Imported	24.16	3,636.00	15.27	2,063.60
Indigenous	75.84	11,411.57	84.73	11,502.30
Total	100.00	15,047.57	100.00	13565.90

l) Value of Stores & Spares consumed / sold

Class of goods	31.03.2010		31.03.2009	
	Percentage (%)	Value (Rs. in Lacs)	Percentage (%)	Value (Rs. in Lacs)
Imported	5.62	48.18	Nil	Nil
Indigenous	94.38	808.35	100	560.01
Total	100.00	856.53	100	560.01



RESTATED STATEMENTS OF FIXED ASSETS AS AT MARCH 31, 2010

Annexure - VI

Annexure VI (i)

(Rs. in Lacs)

Assets	Gross Block			Depreciation			Net Block			
	As on 01-Apr-2009	Addition	Deductions/ Adjustments	As On 31-Mar-2010	Upto 31-Mar-2009	Dep. For the period	Deductions/ Adjustment	Upto 31-Mar-2010	As on 31-Mar-2010	As on 31-Mar-2009
Factory Land	138.69	31.12	-	169.81	-	-	-	-	169.81	138.69
Factory Building	2,089.44	5.66	62.28	2,032.83	108.95	62.27	-	171.22	1,861.61	1,980.49
Office Building	7.31	-	-	7.31	3.51	0.19	-	3.70	3.61	3.80
Plant & Machinery	3,604.47	137.46	73.24	3,668.69	339.71	219.01	-	558.73	3,109.96	3,264.75
Electrical Installation & Office Equip.	112.43	11.68	-	124.11	33.62	6.94	-	40.56	83.55	78.81
Computers	94.88	10.43	-	105.31	32.74	18.17	-	50.90	54.40	62.14
Furniture & Fixtures	200.96	3.24	-	204.21	31.88	13.16	-	45.04	159.16	169.08
Vehicles	350.56	37.15	15.41	372.31	94.80	63.85	7.48	151.17	221.14	255.76
Total	6,598.74	236.75	150.93	6,684.56	645.21	383.59	7.48	1,021.32	5,663.24	5,953.53
Capital Work In Progress	23.36	557.84	-	581.20	-	-	-	-	581.20	23.36

Deductions / Adjustments in respect of Building and Plant & Machinery includes Rs.62.28 Lacs and Rs.72.05 Lacs respectively on account of currency exchange

RESTATED STATEMENTS OF FIXED ASSETS AS AT MARCH 31, 2009

Annexure VI (ii)

Assets	Gross Block				Depreciation			Net Block		
	As on 01-Apr-2008	Addition	Deductions/ Adjustments	As On 31-Mar-2009	Upto 31-Mar-2008	Dep. For the Year	Deductions/ Adjustment	Upto 31-Mar-2009	As on 31-Mar-2009	As on 31-Mar-2008
Factory Land	131.69	7.00	-	138.69	-	-	-	-	138.69	131.69
Factory Building	1,366.88	722.56	-	2,089.44	63.84	45.11	-	108.95	1,980.49	1,303.04
Office Building	7.31	-	-	7.31	3.31	0.20	-	3.51	3.80	4.00
Plant & Machinery	2,016.30	1,588.16	-	3,604.47	222.85	116.86	-	339.71	3,264.75	1,793.45
Electrical Installation & Office Equip.	106.47	5.96	-	112.43	26.40	7.22	-	33.62	78.81	80.07
Computers	57.34	33.65	-	90.99	15.80	16.94	-	32.74	58.25	41.54
Furniture & Fixtures	146.85	58.00	-	204.85	16.19	15.69	-	31.88	172.97	130.66
Vehicles	175.63	175.76	(0.82)	350.56	52.20	42.60	-	94.80	255.76	123.43
Total	4,008.48	2,591.09	(0.82)	6,598.74	400.59	244.62	-	645.21	5,953.53	3,607.89
Capital Work In Progress	-	23.36	-	23.36	-	-	-	-	23.36	-

Additions to building and Plant & Machinery include Rs.114.78 Lacs and Rs.132.79 Lacs respectively on account of currency exchange

RESTATEMENT OF FIXED ASSETS AS AT MARCH 31, 2008

Annexure VI (iii)

Assets	Gross Block				Depreciation			Net Block		
	As on 01-Apr-2007	Addition	Deductions/ Adjustments	As On 31-Mar-2008	Upto 01-Apr-2007	Dep. For the Year	Deductions/ Adjustment	Upto 31-Mar-2008	As on 31-Mar-2008	As on 31-Mar-2007
Factory Land	6.30	125.39	-	131.69	-	-	-	-	131.69	6.30
Factory Building	66.79	1,346.06	45.96	1,366.88	42.30	22.22	0.68	63.84	1,303.04	24.49
Office Building	7.31	-	-	7.31	3.10	0.21	-	3.31	4.00	4.22
Plant & Machinery	297.62	1,762.76	44.07	2,016.30	159.30	64.65	1.09	222.85	1,793.45	138.32
Electrical Installation & Office Equip.	44.02	63.78	1.33	106.47	21.38	5.06	0.03	26.40	80.07	22.64
Computers	28.27	32.95	3.89	57.34	8.45	7.35	-	15.80	41.54	19.82
Furniture & Fixtures	24.15	122.70	-	146.85	11.03	5.29	0.13	16.19	130.66	13.13
Vehicles	90.30	85.32	-	175.63	32.90	19.30	-	52.20	123.43	57.40
Total	564.77	3,538.95	95.25	4,008.48	278.45	124.07	1.93	400.59	3,607.89	286.32
Capital Work In Progress	1,777.00	-	1,777.00	-	-	-	-	-	-	1,777.00

Deductions / Adjustments in respect of Building and Plant & Machinery includes Rs.34.90 Lacs and Rs.40.11 Lacs respectively on account of currency exchange



RESTATED STATEMENTS OF FIXED ASSETS AS AT MARCH 31, 2007
Annexure VI (iv)

(Rs. in Lacs)

Assets	Gross Block			Depreciation			Net Block			
	As on 01-Apr- 2006	Addition	Deductions/ Adjustments	As On 31-Mar- 2007	Upto 31-Mar- 2006	Dep. For the Year	Deductions/ Adjustment	Upto 31-Mar- 2007	As on 31-Mar- 2007	As on 31-Mar- 2006
Factory Land	6.30	-	-	6.30	-	-	-	-	6.30	6.30
Factory Building	66.79	-	-	66.79	39.58	2.72	-	42.30	24.49	27.21
Office Building	7.31	-	-	7.31	2.87	0.22	-	3.10	4.22	4.44
Plant & Machinery	236.26	61.36	-	297.62	141.21	18.09	-	159.30	138.32	95.05
Electrical Installation & Office Equip.	23.43	20.59	-	44.02	17.91	2.77	0.69	21.38	22.64	5.51
Computers	9.32	18.95	-	28.27	5.34	2.87	0.25	8.45	19.82	3.99
Furniture & Fixtures	17.13	7.02	-	24.15	9.04	1.48	0.50	11.03	13.13	8.09
Vehicles	63.41	26.90	-	90.30	18.52	14.31	0.08	32.90	57.40	44.89
Total	429.95	134.82	-	564.77	234.47	42.45	1.52	278.45	286.32	195.48
Capital Work In Progress	44.61	1,732.39	-	1,777.00	-	-	-	-	1,777.00	44.61



RESTATED STATEMENTS OF FIXED ASSETS AS AT MARCH 31, 2006

Annexure VI (v)

Assets	Gross Block				Depreciation			Net Block		
	As on 01-Apr-2005	Addition	Deductions/ Adjustments	As On 31-Mar-2006	Upto 31-Mar-2005	Dep. For the Year	Deductions/ Adjustment	Upto 31-Mar-2006	As on 31-Mar-2006	As on 31-Mar-2005
Factory Land	6.30	-	-	6.30	-	-	-	-	6.30	6.30
Factory Building	66.79	-	-	66.79	36.56	3.02	-	39.58	27.21	30.23
Office Building	7.31	-	-	7.31	2.64	0.23	-	2.87	4.44	4.67
Plant & Machinery	209.32	26.94	-	236.26	126.88	14.33	-	141.21	95.05	82.44
Electrical Installation & Office Equip.	23.36	0.07	-	23.43	16.72	1.19	-	17.91	5.51	6.64
Computers	6.74	2.58	-	9.32	3.77	1.56	-	5.34	3.99	2.97
Furniture & Fixtures	16.32	0.81	-	17.13	7.31	1.73	-	9.04	8.09	9.01
Vehicles	45.96	34.08	16.63	63.41	20.34	9.46	11.28	18.52	44.89	25.62
Total	382.10	64.48	16.63	429.95	214.21	31.53	11.28	234.47	195.48	167.88
Capital Work In Progress	-	44.61	-	44.61	-	-	-	-	44.61	-

Restated Statement of Sundry Debtors

Annexure - VII

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Debts outstanding for a period exceeding six months					
-Considered Good	385.56	913.88	674.36	55.72	95.24
-Considered Doubtful	-	-	-	-	-
Other debts					
-Considered Good	10,789.28	6,400.94	7,925.72	2,627.14	1,614.29
Total	11,174.84	7,314.81	8,600.08	2,682.85	1,709.54
Less: Provision for doubtful debts	-	-	-	-	-
Net Total	11,174.84	7,314.81	8,600.08	2,682.85	1,709.54

Notes:

- 1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.
- 2) Details of related party transactions and balances have been disclosed in Annexure XVIII.

Restated Statement of Loans & Advances

Annexure - VIII

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
(Unsecured & Considered Good)					
a) Advances recoverable in cash or kind or for value to be received	2,913.69	1,123.32	836.15	316.44	170.11
b) Balance with Central Excise Authority	806.36	1,030.14	315.12	32.17	5.76
c) Deposits	351.93	337.94	349.39	323.20	4.14
d) Deferred Premium on forward contract	10.73	-	-	-	-
Total	4,082.71	2,491.40	1,500.66	671.82	180.00

Notes:

- 1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.
- 2) Details of related party transactions and balances have been disclosed in Annexure XVIII.

Restated Statement of Secured Loans

Annexure - IX

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
a) Term Loans					
- From Vijaya Bank (in INR)	92.46	1,224.52	-	-	-
- From Vijaya Bank (in FCNR)	1,093.44	-	-	-	-
- From ICICI Bank (ECB)	885.89	1,399.49	1,408.75	662.74	-
Total (A)	2,071.79	2,624.02	1,408.75	662.74	-
b) Working Capital Loans from Banks					
- Cash Credit Facility	6,691.87	5,223.05	1,998.25	951.43	182.92
- Export Packing Credit	900.80	699.67	1,076.23	241.54	162.08
- Against Export Bills	-	-	19.08	72.40	57.35
- Bills Discounting	50.31	58.16	204.86	130.21	-
Total (B)	7,642.98	5,980.87	3,298.42	1,395.57	402.35
c) Vehicle loan					
- From Banks	81.61	92.57	47.64	26.99	23.71
- From NBFCs	34.99	55.44	0.83	3.18	5.33
Total (C)	116.60	148.01	48.47	30.18	29.04
Grand Total (A+B+C)	9,831.37	8,752.90	4,755.64	2,088.48	431.39

Notes:

1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.

2) For Terms & Conditions & Other Details in respect of above Loans refer Annexure - IX (a)

Details of Terms and Conditions of Secured Loans Outstanding as at 31.03.2010

Annexure - IX (a)

(Rs. in Lacs)

Sr. No.	Nature of Secured Loan	Name of Financial Institution/ Banks	Amount	Security	Interest	Terms of Repayment
1.1	Term Loan (in INR)	Vijaya Bank	92.46	First pari passu Charge on existing / future Fixed Assets of Umbergaon unit of the Company	BPLR + 0.75%	Monthly EMI Payable
1.2	Term Loan (in FCNR)	Vijaya Bank	1,093.44	First pari passu Charge on existing / future Fixed Assets of Umbergaon unit of the Company	LIBOR + 6.00%	Monthly EMI Payable



Sr. No.	Nature of Secured Loan	Name of Financial Institution/ Banks	Amount	Security	Interest	Terms of Repayment
1.3	Term Loan (ECB)	ICICI Bank	885.89	1.First pari passu Charge on existing / future Fixed Assets of Umbergaon unit of the Company	LIBOR + 1.50%	Semi- Annual Installment
				2.Exclusive Charge on residential premises in the name of Mr.Hemant P. Kanugo (Director of Company) situated at Tardeo		
				3.Personal Guarantee of Directors [Shri Prakash C. Kanugo, Shri Ashok M. Sheth, Shri Hemant P. Kanugo]		
		Total (A)	2,071.79			
2.1	Cash Credit	Royal Bank of Scotland	400.00	1.First pari passu Charge on existing / future Current Assets pertaining to Umbergaon & Silvassa Units of the Company	13.00%	Repayable on Demand
	Cash Credit	Royal Bank of Scotland	136.29	2.First pari passu Charge on existing / future movable and immovable Fixed Assets pertaining to Silvassa Unit of the Company	11.00%	Repayable on Demand
	Export Packing Credit (in Foreign Currency)	Royal Bank of Scotland	494.10	3.First pari passu Charge on Commercial Property located at 701, Mahalaxmi Chambers, Near Mahalaxmi Temple, Mumbai belonging to directors and their relatives	LIBOR + 3.50%	Repayable on Demand
	Local Bill Discounting	Royal Bank of Scotland	50.31	4.Second pari passu Charge on entire movable & immovable Fixed Assets located at Umbergaon Unit of the Company	11.50%	On or before the due date of respective bills
				5.Personal Guarantee of Directors [Shri Prakash C. Kanugo, Shri Ashok M. Sheth, Smt. Babita P. Kanugo and Shri Hemant P. Kanugo]		



Sr. No.	Nature of Secured Loan	Name of Financial Institution/ Banks	Amount	Security	Interest	Terms of Repayment
2.2	Cash Credit	Bank of Baroda	1,757.36	<p>1.First pari passu Charge on existing / future Current Assets pertaining to Umbergaon & Silvassa Units of the Company</p> <p>2.First pari passu Charge on existing / future movable and immovable Fixed Assets pertaining to Silvassa Unit of the Company</p> <p>3.First pari passu Charge on Commercial Property located at 701, Mahalaxmi Chambers, Near Mahalaxmi Temple, Mumbai belonging to directors and their relatives</p>	13.00%	Repayable on Demand
				<p>4.Second pari passu Charge on entire movable & immovable Fixed Assets located at Umbergaon Unit of the Company</p> <p>5.Second pari passu charge on Fixed Assets of Umbergaon unit</p> <p>6.Second pari passu Charge on Landed Property, Factory Building Area, Tube Mill Shed Area, Draw Bench Area Shed, Office Building Area and Other miscellaneous building items located at Silvassa Unit of the Company</p> <p>7.Second pari passu Charge by way of hypothecation of Plant & Machinery situated at Silvassa & Umbergaon Units of the Company</p> <p>8.Personal Guarantee of Directors [Shri Prakash C. Kanugo, Shri Ashok M. Sheth, Smt. Babita P. Kanugo and Shri Hemant P. Kanugo]</p>		
2.3	Cash Credit	ICICI Bank	131.48	1.First Charge on existing / future Current Assets pertaining to Umbergaon & Silvassa Units of the	13.50%	Repayable on Demand



Sr. No.	Nature of Secured Loan	Name of Financial Institution/ Banks	Amount	Security	Interest	Terms of Repayment
				Company		
	Cash Credit	ICICI Bank	1,000.00	<p>2.First Charge on existing / future movable Fixed Assets (including Plant & Machinery) pertaining to Umbergaon & Silvassa Units of the Company</p> <p>3.First Charge on immovable Fixed Assets pertaining to Silvassa Unit of the Company</p> <p>4.First Charge on Commercial Properties situated at Sindhi Lane (Mumbai) and at 701, Mahalaxmi Chambers, Near Mahalaxmi Temple, Mumbai belonging to directors and their relatives</p> <p>5.Second Charge on immovable Fixed Assets pertaining to Umbergaon Unit of the Company</p> <p>6.First pari passu charge on entire existing / future Fixed Assets of Silvassa Unit</p> <p>7.First pari passu Charge on existing / future Current Assets pertaining to Umbergaon & Silvassa Units of the Company</p> <p>8.First pari passu Charge on existing / future movable and immovable Fixed Assets pertaining to Silvassa Unit of the Company</p> <p>9.First pari passu Charge on Commercial Property located at 701, Mahalaxmi Chambers, Near Mahalaxmi Temple, Mumbai belonging to directors and their relatives</p> <p>10.Personal Guarantee of Directors aggregating to Rs.251.20 million [Shri Prakash C. Kanugo, Shri</p>	12.25%	Repayable on Demand



Sr. No.	Nature of Secured Loan	Name of Financial Institution/ Banks	Amount	Security	Interest	Terms of Repayment
				Ashok M. Sheth and Shri Hemant P. Kanugo]		
2.4	Cash Credit	Vijaya Bank	3,266.74	1.First Charge on Commercial Properties situated at Sindhi Lane (Mumbai) and at 701, Mahalaxmi Chambers, Near Mahalaxmi Temple, Mumbai belonging to directors and their relatives.	BPLR + 0.50%	Repayable on Demand
	Export Packing Credit	Vijaya Bank	341.70	2.First pari passu charge on entire existing / future Fixed Assets of Silvassa Unit	LIBOR + 2%	Repayable on Demand
	Export Packing Credit	Vijaya Bank	65.00	3.First pari passu Charge on existing / future Current Assets pertaining to Umbergaon & Silvassa Units of the Company	9.75%	Repayable on Demand
				4.First pari passu Charge on existing / future movable and immovable Fixed Assets pertaining to Silvassa Unit of the Company		
				5. First pari passu Charge on Commercial Property located at 701, Mahalaxmi Chambers, Near Mahalaxmi Temple, Mumbai belonging to directors and their relatives		
				6.Second pari passu charge on Fixed Assets of Umbergaon unit		
		Total (B)	7,642.98			
3.1	Vehicle loan	HDFC Bank	12.07	Vehicle Loans are secured by hypothecation to & charges in favour of respective Banks / NBFCs by way of first & exclusive charge of respective vehicle and all its components.	7.50%	Monthly EMI Payable
			4.85		11.30%	
			4.31		12.00%	
			39.43		12.30%	
			7.05		9.45%	
			4.69		9.22%	



Sr. No.	Nature of Secured Loan	Name of Financial Institution/ Banks	Amount	Security	Interest	Terms of Repayment
			9.23		7.66%	
3.2	Vehicle loan	Tata Capital Ltd.	34.99	Vehicle Loans are secured by hypothecation to & charges in favour of respective Banks / NBFCs by way of first & exclusive charge of respective vehicle and all its components.	10.50%	Monthly EMI Payable
		Total (C)	116.60			
		Grand Total (A + B + C)	9,831.37			

**Restated Statement of Unsecured Loans
Annexure - X**

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
From Associate Companies	1,741.00	1,630.00	1,550.00	508.65	237.75
Others	2,539.50	2,351.85	1,736.97	1,130.88	573.60
	4,280.50	3,981.84	3,286.97	1,639.53	811.35

Repayment Schedule

Particulars	Within Year 1	Within Year 1-3	Within Year 3-5	After 5 years
From Associate companies	-	-	1,741.00	-
Others	-	50.00	2,489.50	-
Total	-	50.00	4,230.50	-

Notes:

- 1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.
- 2) Unsecured loan as on March,31 2010 taken from associate companies are interest free. Unsecured loans taken from Others amounting to Rs.1989.50 Lacs are interest free and loans amounting to Rs. 550 lacs are bearing rate of interest at 12% p.a.
- 3) Details of related party transactions and balances have been disclosed in Annexure XVIII

Restated Statement of Current Liabilities & Provisions

Annexure - XI

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Current Liabilities					
Sundry Creditors					
- For Goods	6,883.35	5,347.47	6,350.10	2,537.09	1,829.31
- For Expenses	672.97	492.29	492.33	144.35	41.43
TDS / TCS payable	16.97	10.27	9.98	16.57	8.75
Advance received from Customers	1,087.32	309.50	252.43	149.85	314.81
Deposits received from Directors	-	-	1.50	1.50	-
Bank Overdrafts	-	-	-	34.66	-
Amount Payable to bank (Forward Contract)	29.76	-	-	-	-
Interest Accrued but not due on loans	15.81	43.36	49.53	1.48	0.80
Other Liabilities	30.43	2.33	37.48	0.27	8.39
Sub Total (A)	8,736.62	6,205.21	7,193.34	2,885.76	2,203.49
Provisions					
Proposed Dividend	135.00	100.14	180.74	76.67	4.62
Tax on Proposed Dividend	22.42	17.02	30.72	13.03	0.65
Provision for Gratuity	22.11	11.47	2.17	0.24	2.01
Provision for Leave encashment	11.51	7.22	1.46	-	-
Provision for Income Tax (Net of Tax paid)	431.89	106.23	34.91	44.47	32.52
Provision for Wealth Tax (Net of Tax paid)	0.48	1.06	0.44	0.04	-
Provision for Fringe Benefit Tax (Net of Tax paid)	0.98	15.97	6.98	2.35	2.66
Sub Total (B)	624.38	259.11	257.41	136.80	42.46
Total (A+B)	9,361.00	6,464.33	7,450.75	3,022.55	2,245.95

Notes:

- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.
- Following are the details of Income Tax paid and provision for Income Tax:

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Provision for Income Tax	890.00	271.95	217.50	187.00	59.16
Income Tax paid	468.37	271.95	216.65	182.29	54.50
Net Provision for Income Tax	421.63	-	0.85	4.71	4.67

Restated Statement of Other Income

Annexure - XII

(Rs. in Lacs)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	Nature of Income
Interest Received	45.31	63.19	43.16	2.56	2.77	Recurring
Sundry Balance Written Back (Net)	26.98	-	-	-	-	Non-Recurring



Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	Nature of Income
Profit on High Sea Sales	-	-	-	-	0.40	Non-Recurring
Profit on sale of Assets	1.04	-	-	-	-	Non-Recurring
Other Income	-	99.13	-	-	-	Non-Recurring
Miscellaneous Income	-	1.24	-	-	-	Non-Recurring
Total	73.34	163.56	43.16	2.56	3.17	

Notes:

- 1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.
- 2) The classification of income into recurring and non-recurring is as explained by the management and is based on the current operations and business activity of the Company.

Restated Statement of Contingent Liability**Annexure - XIII****(Rs. in Lacs)**

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Guarantees given by the bankers of the Company	142.75	116.64	54.77	109.18	75.67
Claims against the Company not acknowledged as debt & disputed in appeals	-	-	-	-	3.43
Sales Tax demands disputed in Appeals	39.26	4.89	4.89	4.89	4.89
Letters of Credit opened by the Bankers of the Company	4,019.21	2,779.99	1,371.15	784.80	-
Income Tax demand disputed in Appeals	-	8.16	-	-	0.93
Total	4,201.22	2,909.68	1,430.81	898.87	84.93

Notes:

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.



**Restated Statement of Dividend
Annexure - XIV**

(Rs. in Lacs except for per share data)

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Equity Share Capital (Face value per share- Rs.10)	1,125.00	1,125.00	1,000.00	810.00	23.10
Dividend on Equity shares (Final)					
- Rate (Refer Note 2 given below)	12%	10%	20%	20%	20%
- Amount	135.00	100.14	180.74	76.67	4.62
Corporate Dividend Tax	22.42	17.02	30.72	13.03	0.65

Notes:

- 1) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.
- 2) Dividend has been paid on pro-rata basis from the date of allotment of equity shares.

Restated Statement of Accounting & Other Ratios

Annexure - XV

(Rs. in Lacs except for share and per share data)

Particulars		31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Earnings Per Share (In Rs.)						
- Basic	A/B	15.84	7.36	9.07	8.20	2.34
- Diluted	A/C	15.84	7.36	9.07	8.20	2.23
Net Profit after tax as restated attributable to equity shareholders	A	1,782.19	736.97	820.38	314.30	81.00
Weighted average no. of equity shares outstanding during the year (Refer Note 5 below)	B	11,250,000	10,013,699	9,042,192	3,833,260	3,465,000
Weighted average no. of potential equity shares outstanding at the end of the year (Refer Note 4 and 5 below)	C	11,250,000	10,013,699	9,042,192	3,833,260	3,628,700
Return on Net Worth (%)	D/E	35.03%	21.00%	34.33%	30.80%	24.36%
Net Profit after tax as restated attributable to equity shareholders	D	1,782.19	736.97	820.38	314.30	81.00



Particulars		31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Net Worth	E	5,087.63	3,509.33	2,389.52	1,020.59	332.49
Net asset value per equity share (Rs.)	F/G	45.22	31.19	23.90	12.60	143.94
Total Assets less total liabilities	F	5,087.63	3,509.33	2,389.52	1,020.59	332.49
No. of equity shares outstanding at the end of the year.	G	11,250,000	11,250,000	10,000,000	8,100,000	231,000

Notes:

- 1) The figures disclosed above are based on the Restated Summary Statements of the Company.
- 2) Earnings per share calculations are done in accordance with Accounting Standard - 20 on Earnings per Share notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 3) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year / period adjusted by the number of equity shares issued during year / period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- 4) For the purpose of calculating dilutive earnings per share, the weighted average number of equity shares are adjusted for the equity shares Capital disclosed under Share Application Money Account.
- 5) As per the requirements of Accounting Standard 20 'Earnings per share', the weighted average number of equity shares and potential equity shares outstanding during the year / period and all periods presented are adjusted for issue of 32,34,000 bonus shares made by the Company on 15th February, 2007.
- 6) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.

**Statement of Capitalisation
Annexure - XVI**

(Rs. in Lacs)

Particulars	Pre-issue as at 31-03-10	As adjusted for issue
Debt		
Short Term Debt (Refer Note 2 below) (A)	7,642.98	7,642.98
Long Term Debt (B)	6,468.89	6,468.89
Total Debt (A)+(B)=(C)	14,111.87	14,111.87
Shareholders' Funds		
- Share Capital	1,125.00	1,750.00



Particulars	Pre-issue as at 31-03-10	As adjusted for issue
- Reserves and Surplus	3,962.63	10212.63
Total Shareholders' funds (D)	5,087.63	11962.63
Long Term Debt / Equity (B/D)	1.27	0.54
Total Debt / Equity (C/D)	2.77	1.18

Notes:

- 1) The above has been computed on the basis of the Restated Summary Statements of the Company.
- 2) Working Capital Loan from Banks i.e. Cash Credit, Export Packing Credit Facilities, etc. has been considered by management as Short Term Debt.

Restated Statement of Tax Shelter**Annexure - XVII****(Rs. in Lacs)**

Sr. No	Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
A	Restated Profit Before Tax	2,741.03	1,209.55	1,237.15	504.30	140.69
B	Tax Rate	33.99%	33.99%	33.99%	33.66%	33.66%
C	Tax thereon at the above rate (A * B)	931.67	411.12	420.51	169.75	47.36
D	Permanent Differences					
	Deduction U/s 80 IB	-	-	-	-	(42.14)
	Amount Inadmissible U/s 40A(3)	-	-	-	1.06	0.23
	Donations disallowed under the Income Tax Act	3.04	1.24	0.70	3.98	1.09
	Share Issue Expense	-	-	7.10	-	-
	Total permanent Differences	3.04	1.24	7.80	5.04	(40.83)
E	Timing Differences					
	Difference in Book Depreciation and Depreciation under Income Tax Act 1961	(251.71)	(508.82)	(669.45)	(7.66)	9.13
	Profit on Sale of Assets	(1.04)	-	-	-	0.06
	Loss on Theft of Asset	0.17	-	-	-	-
	Net Disallowable / (Allowable) sum under Section 43B of the Income Tax Act 1961	18.17	43.91	-	(0.97)	0.78
	Amounts Inadmissible u/s 40(a) (ia)	-	6.82	(22.45)	12.86	12.69
	Total Timing Differences	(234.41)	(458.09)	(691.90)	4.22	22.66
F	Net Adjustments (D+E)	(231.36)	(456.86)	(684.10)	9.27	(18.17)
G	Tax expense / (saving) thereon (F * B)	(78.64)	(155.29)	(232.53)	3.12	(6.12)



Sr. No	Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
H	Tax Liability (C+G)	853.03	255.84	187.98	172.87	41.24
I	Interest under Section 234A, 234B and 234C of the Income Tax Act 1961	34.34	16.20	5.55	6.64	1.96
J	TOTAL TAX LIABILITY (H+I)	887.37	272.04	193.53	179.50	43.20
K	Taxable Profit / (Loss) before Tax and after adjustments as Restated (A+F)	2,509.66	752.69	553.05	513.57	122.52
L	Total Tax Liability after tax impact of adjustments (J)	887.37	272.04	193.53	179.50	43.20

Notes:

- 1) The figures disclosed above are based on the Restated Summary Statements of the Company.
- 2) The above statement has been prepared based on the tax computations for the respective years. The figures for the year ended March,31 2010 are based on the provisional computations of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year ending March 31, 2010.
- 3) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexures IV and V respectively.

Restated statement of Related Party Transactions
List of Related Parties
Annexure - XVIII

31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Key Management Personnel				
Shri Prakash C. Kanugo (Chairman & Managing Director)	Shri Prakash C. Kanugo (Chairman & Managing Director)	Shri Prakash C. Kanugo (Chairman)	Shri Prakash C. Kanugo (Chairman)	Shri Prakash C. Kanugo (Chairman)
Shri Ashok M. Seth (Executive Director)	Shri Ashok M. Seth (Executive Director)	Shri Ashok M. Seth (Executive Director)	Shri Ashok M. Seth (Executive Director)	Shri Ashok M. Seth (Executive Director)
Shri Hemant P. Kanugo (Whole Time Director)	Shri Hemant P. Kanugo (Whole Time Director)	Shri Hemant P. Kanugo (Whole Time Director)	Shri Hemant P. Kanugo (Whole Time Director)	Shri Hemant P. Kanugo (Whole Time Director)
Shri Kamal P. Kanugo (Whole Time Director)	Shri Kamal P. Kanugo (Whole Time Director) (w.e.f. 16.05.08)	----	----	----

Relatives of Key Management Personnel

Mr. Kirti P. Kanugo	Mr. Kirti P. Kanugo	Mr. Kirti P. Kanugo	Mr. Kirti P. Kanugo	Mr. Kirti P. Kanugo
Mr. Vimal P. Kanugo	Mr. Vimal P. Kanugo	Mr. Vimal P. Kanugo	Mr. Vimal P. Kanugo	Mr. Vimal P. Kanugo
Mrs. Ekta H. Kanugo	Mrs. Ekta H. Kanugo	Mrs. Ekta H. Kanugo	Mrs. Ekta H. Kanugo	Mrs. Ekta H. Kanugo
Smt. Babita P. Kanugo	Smt. Babita P. Kanugo	Smt. Babita P. Kanugo	Smt. Babita P. Kanugo	Smt. Babita P. Kanugo
----	Shri Dhiren C. Shah	Shri Dhiren C. Shah	Shri Dhiren C. Shah	Shri Dhiren C. Shah
----	Shri Champalal A. Shah	Shri Champalal A. Shah	Shri Champalal A. Shah	Shri Champalal A. Shah
----	Mr. Kamal P. Kanugo	Mr. Kamal P. Kanugo	Mr. Kamal P. Kanugo	Mr. Kamal P. Kanugo
----	----	----	----	Mrs. Pyaridevi C. Kanugo

Associates / Enterprises over which directors and / or their relatives has significant influence

M/s. Sunrise Metal Industries	M/s. Sunrise Metal Industries	M/s. Sunrise Metal Industries	M/s. Sunrise Metal Industries	M/s. Sunrise Metal Industries
M/s. Prakash Steel	M/s. Prakash Steel	M/s. Prakash Steel	M/s. Prakash Steel	M/s. Prakash Steel
M/s. Prakash C. Kanugo (HUF)	M/s. Prakash C. Kanugo (HUF)	M/s. Prakash C. Kanugo (HUF)	M/s. Prakash C. Kanugo (HUF)	M/s. Prakash C. Kanugo (HUF)
M/s. Ashok M. Seth (HUF)	M/s. Ashok M. Seth (HUF)	M/s. Ashok M. Seth (HUF)	M/s. Ashok M. Seth (HUF)	M/s. Ashok M. Seth (HUF)
M/s Hemant P. Kanugo (HUF)	M/s Hemant P. Kanugo (HUF)	M/s Hemant P. Kanugo (HUF)	M/s Hemant P. Kanugo (HUF)	M/s Hemant P. Kanugo (HUF)

31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
M/s. Hemant & Company	M/s. Hemant & Company	M/s. Hemant & Company	M/s. Hemant & Company	M/s. Hemant & Company
M/s. Prakash Stainless Pvt. Ltd.	M/s. Prakash Stainless Pvt. Ltd.	M/s. Prakash Stainless Pvt. Ltd.	M/s. Prakash Stainless Pvt. Ltd.	M/s. Prakash Stainless Pvt. Ltd.
M/s. AMS Trading & Investments Pvt. Ltd.	M/s. AMS Trading & Investments Pvt. Ltd.	M/s. AMS Trading & Investments Pvt. Ltd.	M/s. AMS Trading & Investments Pvt. Ltd.	M/s. AMS Trading & Investments Pvt. Ltd.
M/s. Prakash & Daga Infra Projects Pvt. Ltd.	M/s. Prakash & Daga Infra Projects Pvt. Ltd.	M/s. Prakash & Daga Infra Projects Pvt. Ltd.	M/s. Prakash & Daga Infra Projects Pvt. Ltd.	M/s. Prakash & Daga Infra Projects Pvt. Ltd.
M/s. Seth Iron & Steel Pvt. Ltd.	M/s. Seth Iron & Steel Pvt. Ltd.	M/s. Seth Iron & Steel Pvt. Ltd.	M/s. Seth Iron & Steel Pvt. Ltd.	M/s. Seth Iron & Steel Pvt. Ltd.
M/s. PCK Metal Pvt. Ltd.	M/s. PCK Metal Pvt. Ltd.	M/s. PCK Metal Pvt. Ltd.	M/s. PCK Metal Pvt. Ltd.	M/s. PCK Metal Pvt. Ltd.
M/s Chandan & Kanugo Land Developers	M/s Chandan & Kanugo Land Developers	M/s Chandan & Kanugo Land Developers	M/s Chandan & Kanugo Land Developers	M/s Chandan & Kanugo Land Developers
----	----	M/s. Montex Tubes	M/s. Montex Tubes	M/s. Montex Tubes
M/s. Seth Carbon & Alloys Pvt. Ltd	M/s. Seth Carbon & Alloys Pvt. Ltd	M/s. Seth Carbon & Alloys Pvt. Ltd	M/s. Seth Carbon & Alloys Pvt. Ltd	----
M/s. Top Honest Inc.	M/s. Top Honest Inc.	M/s. Top Honest	----	----
M/s. Seth Steelage Pvt. Ltd.	M/s. Seth Steelage Pvt. Ltd.	M/s. Seth Steelage Pvt. Ltd.	----	----
M/s Prakash Land Developers	M/s Prakash Land Developers	M/s Prakash Land Developers	----	----

Notes:

- For the Personal Guarantees given by the directors for the Secured Loans taken by the Company, Refer Annexure - IX (a)
- Details of transactions with Related Parties are given in Annexure XVIII (a)
- Related Party Relationships have been identified by the management and relied upon by the Auditors
- The above disclosure are given in Accordance with Accounting Standard -18 issued by the Institute of Chartered Accountants of India

**Restated statement of Related Party Transactions Details of Transactions with Related Parties
Annexure - XVIII (a)**

(Rs. in Lacs)

Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
1	PURCHASE OF GOODS					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. PCK Metal Pvt. Ltd.	122.41	266.59	-	-	-
	M/s. Prakash Stainless Pvt. Ltd.	-	110.76	1,612.78	157.18	16.69
	M/s. Prakash Steel	-	-	-	-	42.66
	M/s. Seth Carbon & Alloys Pvt. Ltd	70.25	100.21	-	-	-
	M/s. Sunrise Metal industries	14.60	986.95	-	104.30	-
	M/s. Top Honest Inc.	2,726.19	1,124.21	-	-	-
	M/s. Seth Iron & Steel Pvt. Ltd	552.80	-	-	-	-
2	SALE OF GOODS					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. PCK Metal Pvt. Ltd.	144.71	2.90	103.20	-	-
	M/s. Prakash Stainless Pvt. Ltd.	401.88	534.42	111.54	-	-
	M/s. Seth Carbon & Alloys Pvt. Ltd	-	145.56	-	-	-
	M/s. Seth Iron & Steel Pvt. Ltd.	313.51	368.36	835.66	50.46	-
	M/s. Sunrise Metal industries	321.15	79.52	190.68	7.06	43.84
	M/s. Top Honest Inc.	2,789.41	885.60	-	-	-
3	LOANS/ ADVANCES/DEPOSIT ACCEPTED					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. AMS Trading & Investment Pvt. Ltd.	1,306.92	793.29	700.00	80.00	264.50
	M/s. Montex Tubes	-	-	-	43.50	15.00
	M/s. PCK Metal Pvt. Ltd.	-	100.00	14.00	-	-
	M/s. Prakash & Daga Infra Projects Pvt. Ltd.	25.00	-	-	-	-
	M/s. Prakash Stainless Pvt. Ltd.	687.98	1,050.00	-	-	-
	M/s. Prakash Steel	-	-	-	-	400.76
	M/s. Seth Carbon & Alloys Pvt. Ltd	203.80	825.92	-	-	-
	M/s. Seth Iron & Steel Pvt. Ltd.	1,168.00	720.00	750.00	844.00	-



Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	M/s. Seth Steelage Pvt.Ltd.	-	30.00	-	-	-
	M/s. Sunrise Metal Industries	1,358.80	1,333.30	1,936.27	611.55	266.27
	M/s. Top Honest Inc.	1,942.00	1,906.00	-	-	-
b)	Key Management Personnel					
	Shri Ashok M. Seth	-	-	-	2.50	-
4	LOANS/ ADVANCES/ DEPOSIT REPAID					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. AMS Trading & Investment Pvt. Ltd.	600.00	700.22	8.65	309.10	30.68
	M/s. Montex Tubes	-	-	-	43.50	15.00
	M/s. PCK Metal Pvt. Ltd.	-	100.00	14.00	-	-
	M/s. Prakash & Daga Infra Projects Pvt. Ltd.	24.61	-	-	-	-
	M/s. Prakash Stainless Pvt. Ltd.	687.98	1,050.00	-	-	-
	M/s. Prakash Steel	-	-	-	0.21	638.31
	M/s. Seth Carbon & Alloys Pvt. Ltd	306.22	723.50	-	-	-
	M/s. Seth Iron & Steel Pvt. Ltd.	1,647.00	850.00	400.00	344.00	-
	M/s. Seth Steelage Pvt.Ltd.	14.50	15.50	-	-	-
	M/s. Sunrise Metal Industries	1,358.80	1,333.30	1,936.27	700.94	207.68
	M/s. Top Honest Inc.	1,942.00	1,906.00	-	-	-
b)	Key Management Personnel					
	Shri Prakash C. Kanugo	-	-	-	-	74.00
	Shri Ashok M. Seth	-	1.50	-	1.00	-
c)	Relatives of Key Management Personnel					
	Mrs. Pyaridevi C. Kanugo	-	-	-	-	56.70
	Smt. Babita P. Kanugo	-	-	-	-	55.60
5	LOANS/ ADVANCES					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. AMS Trading & Investment Pvt. Ltd.	-	-	20.00	-	-
	M/s. Ashok M. Seth (HUF)	-	-	-	8.50	2.00
	M/s. Jaypee Steel	-	-	0.50	-	-



Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	M/s. Montex Tubes	-	-	-	-	40.50
	M/s. PCK Metal Pvt. Ltd.	-	0.16	-	-	-
	M/s. Prakash & Daga Infra Projects Pvt.Ltd.	-	7.67	-	-	-
	M/s. Prakash Stainless Pvt. Ltd.	30.00	-	207.00	340.00	-
	M/s. Prakash Steel	-	-	-	8.00	-
	M/s. Seth Carbon & Alloys Pvt. Ltd	-	4.79	40.70	-	-
	M/s. Seth Iron & Steel Pvt. Ltd.	-	1.30	-	-	-
	M/s. Sunrise Metal Industries	-	-	19.50	-	-
	M/s. Top Honest Inc.	2,179.55	463.07	-	-	-
b)	Key Management Personnel					
	Shri Ashok M. Seth	-	-	-	-	18.55
6	LOANS/ ADVANCES RECOVERED					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. AMS Trading & Investment Pvt. Ltd.	-	-	20.00	-	-
	M/s. Ashok M. Seth (HUF)	-	-	-	8.50	2.00
	M/s. Jaypee Steel	-	-	0.50	-	-
	M/s. Montex Tubes	-	-	-	-	40.50
	M/s. PCK Metal Pvt. Ltd.	0.16	-	-	-	-
	M/s. Prakash & Daga Infra Projects Pvt.Ltd.	-	7.27	-	-	-
	M/s. Prakash Stainless Pvt. Ltd.	-	-	207.00	340.00	-
	M/s. Prakash Steel	-	-	-	8.00	-
	M/s. Seth Carbon & Alloys Pvt. Ltd	-	-	40.70	-	-
	M/s. Seth Iron & Steel Pvt. Ltd.	-	1.30	-	-	-
	M/s. Sunrise Metal Industries	-	-	19.50	-	-
	M/s. Top Honest Inc.	2,187.30	390.00	-	-	-
b)	Key Management Personnel					
	Shri Ashok M. Seth	-	-	-	-	18.55
7	OFFICE DEPOSIT GIVEN					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. Ashok M. Seth (HUF)	-	-	66.00	-	-

Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	M/s. Prakash C. Kanugo (HUF)	-	-	84.00	-	-
b)	Relatives of Key Management Personnel					
	Smt. Ekta H. Kanugo	-	-	84.00	-	-
	Shri Kamal P. Kanugo	-	-	66.00	-	-
8	INTEREST RECEIVED					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. Seth Carbon & Alloys Pvt. Ltd	-	-	0.70	-	-
	M/s. Top Honest Inc.	-	9.76	-	-	-
9	INTEREST PAID					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. AMS Trading & Investment Pvt. Ltd.	-	-	-	-	3.93
	M/s. Prakash Steel	-	-	-	-	16.17
b)	Relatives of Key Management Personnel					
	Mrs. Pyaridevi C. Kanugo	-	-	-	-	4.07
	Smt. Babita P. Kanugo	-	-	-	-	3.79
10	RENT PAID					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. Prakash C. Kanugo (HUF)	4.80	3.60	3.60	-	0.06
	M/s. Ashok M. Seth (HUF)	3.60	3.60	3.60	-	-
b)	Key Management Personnel					
	Shri Prakash C. Kanugo	0.60	-	-	-	-
	Shri Hemant P. Kanugo	1.08	1.44	-	-	-
	Shri Kamal P. Kanugo	3.60	3.60	-	-	-
c)	Relatives of Key Management Personnel					

Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	Mrs. Babita P. Kanugo	-	3.30	3.30	3.00	1.80
	Smt. Ekta H. Kanugo	4.80	4.80	4.80	-	-
	Shri Kamal P. Kanugo	-	-	3.60	-	-
11	REMUNERATION / SALARY PAID					
a)	Key Management Personnel					
	Shri Prakash C. Kanugo	12.00	6.00	-	-	-
	Shri Ashok M. Seth	9.00	9.00	9.00	3.60	1.20
	Shri Hemant P. Kanugo	6.00	6.00	6.00	2.40	1.08
	Shri Kamal P. Kanugo	3.60	3.60	-	-	-
b)	Relatives of Key Management Personnel					
	Shri Kamal P. Kanugo	-	-	3.55	1.80	-
	Shri Kirti P. Kanugo	3.60	3.60	3.55	1.80	1.04
	Shri Vimal P. Kanugo	3.60	3.60	3.55	1.80	1.04
	Shri Champalal A. Shah	-	1.20	1.01	0.96	0.72
	Shri Dhiren C. Shah	-	1.20	0.42	0.96	0.72
12	OUTSTANDING / CLOSING BALANCES					
12.1	OUTSTANDING PAYABLE CREDITORS / PAYABLES					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/ s. Seth Iron & Steel Pvt. Ltd	1.62	-	-	-	-
	M/ s. Sunrise Metal Industries	-	709.25	-	1.77	-
	M/ s. Top Honest Inc.	1,194.42	0.77	-	-	-
12.2	OUTSTANDING DEBTORS / RECEIVABLES					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/ s. PCK Metal Pvt. Ltd.	-	-	93.46	-	-
	M/ s. Prakash Stainless Pvt. Ltd.	-	83.50	-	-	-
	M/ s. Seth Carbon & Alloys Pvt. Ltd	-	146.57	-	-	-
	M/ s. Seth Iron & Steel Pvt. Ltd.	352.01	330.45	923.12	50.46	-
	M/ s. Sunrise Metal Industries	13.34	-	272.23	-	-
	M/ s. Top Honest Inc.	77.09	717.99	-	-	-

Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
12.3	ADVANCES GIVEN					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. PCK Metal Pvt. Ltd.	-	0.16	-	-	-
	M/s. Prakash & Daga Infra Projects Pvt.Ltd.	-	0.39	-	-	-
	M/s. Prakash Stainless Pvt. Ltd.	30.00	-	-	-	-
12.4	OFFICE DEPOSIT GIVEN					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. Ashok M. Seth (HUF)	66.00	66.00	66.00	-	-
	M/s. Prakash C. Kamugo (HUF)	84.00	84.00	84.00	-	-
b)	Key Management Personnel					
	Shri Kamal P. Kanugo	66.00	66.00	-	-	-
c)	Relatives of Key Management Personnel					
	Smt. Ekta H. Kanugo	84.00	84.00	84.00	-	-
	Shri Kamal P. Kanugo	-	-	66.00	-	-
12.5	RENT PAYABLE					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
b)	Key Management Personnel					
	Shri Hemant P. Kanugo	1.08	1.19	-	-	-
12.6	LOANS/ ADVANCES/ DEPOSIT ACCEPTED OUTSTANDING					
a)	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. AMS Trading & Investment Pvt. Ltd.	1,500.00	793.08	700.00	8.65	237.75
	M/s. Prakash Steel	-	-	-	-	0.21
	M/s. Seth Carbon & Alloys Pvt. Ltd	-	102.42	-	-	-
	M/s. Seth Iron & Steel Pvt. Ltd.	241.00	720.00	850.00	500.00	-
	M/s. Seth Steelage Pvt.Ltd.	-	14.50	-	-	-
	M/s. Sunrise Metal Industries	-	-	-	-	96.44



Sr. No.	Name of the Related Party	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
12.7	SECURITY TAKEN					
	Key Management Personnel					
	Shri Ashok M. Seth	-	-	1.50	1.50	-
12.8	INTEREST RECEIVABLE					
	Associates / Enterprises over which Directors and / or their Relatives have Significant Influence					
	M/s. Top Honest Inc.	-	7.75	-	-	-



CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There are no changes in accounting policies of the Company in the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements

a. Overview of our Business:

Prakash Steelage Limited has grown considerably during last few years in spite of the recessionary trends in the economy during Last Year. The Company has taken various steps to become more competitive, and to gain market share by catering to newer customers from Oil and Gas sector, Power sector, Desalination Plants, Nuclear Power plants and various other industries. The company has increased capacity of manufacturing of Stainless Steel welded / seamless pipes and tubes by expanding production facilities at Umbergaon plant. The company is now geared up to exploit the opportunity which is generated by Government of India by giving more focus and resources to expand engineering & infrastructure projects.

Today one of the leading manufacturers of stainless steel tubes & pipes in India. We cater to both domestic & International Markets.

b. Quality and ISO certification

The QMS is the foundation of our company's culture and is the responsibility of every one at Prakash Steelage Limited. Our culture is based on Transparency, Openness, Integrity, Continuous Learning, Entrepreneurship, Excellence and attention to even smallest details. This is highly evident in our insistence meeting commitments, the use of advance technologies, on-time delivery of unquestioned quality and the continuous improvement of our Quality Management System.

Prakash Steelage Limited is an ISO 9001-2008, ISO 14001-2004, ISO 18001-2007, PED certified and AD -2000 - Merkblatt W O EIL, Lloyds, IBR approved and Government recognized Star Export House.

c. Capacity Expansion

Starting with a modest capacity of 4000 MTPA of Stainless Steel tubes & pipes in 1996 at Silvassa. We have today the capacity to manufacturer 15600 M.T.P.A of stainless steel tubes & pipes & going ahead to achieve 19000 M.T.P.A Capacity during the F.Y.2010-11 combined at our both plants at Silvassa and Umbergaon..

d. Significant Development Subsequent to Last Financial Period

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Prospectus which materially or adversely affect or is likely to affect the manufacturing or profitability of our company, or the value of our assets, or our ability to pay liabilities within next twelve months.

e. Corporate Social Responsibility

We at Prakash Steelage Limited are fully committed to our social responsibilities. We believe that company can grow only when the community at large grows. Community welfare activities are regularly taken at the company's plant location these activities include medical camps, cultural and sports events. Company also sponsors various events which contribute to the welfare of community at large, like maintaining water



fountain, donating notebooks and other educational items to students, build a library, yoga centre and Pigeon house.

f. Environment Efforts

Preserving environment is prime concern of the company. Company is committed to securing green and friendly ecosystem in and around its manufacturing units. Company has already installed super efficient Effluent Treatment Plant at both the units. The company's environment efforts are directed towards constant improvement of environment through a combination of process innovation, pollution prevention and control activities, Energy conservation, Resource conservation and Waste management through recycling.

g. Industry structure and development

Global industry is witnessing rapid changes due to advances in communication technologies and the nations are trying hard to position themselves to take advantages of this emerging opportunity. We have established our position in Indian market as well as in International market and consolidation process is on. The international market is very competitive and local market is experiencing moderate increase in demand. In spite of the global meltdown and upheaval, the company performance during the year under review is satisfactory.

h. Internal Control Systems and Their Adequacy

The company has in place effective system for internal control ensuring accurate, reliable and speedy compilation of financial information, safeguarding the assets and interest of the company and ensuring compliance with law and regulations. The company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The company's internal control systems are supplemented by an extensive programme of internal audit conducted by an external auditor, emphasis of internal control prevails across and ensure adequacy of the control system, adherence to management instructions and legal compliances. However, efforts are always continued to further strengthened the Internal Control Procedures.

i. Human Resource Development / Industrial Relation

The company values and understand the need for continuous growth and development of its people in order to have greater productivity and provide job satisfaction and also equip them to meet growing organizational challenges. We have an excellent harmonious industrial relation at both the plants. Our company has genuine concern and top priority for safety and welfare of its employees.

j. Promoters experience & their Shareholding

Our promoters have been involved in the stainless steel business for over two decades. Our promoters & promoters group currently holds entire 100% of our equity Capital.

k. Factors that may affect Results of Operations

Except as otherwise stated in this Offer Document, the Risk Factors given in this Offer Document and the following important factors could cause actual results to differ materially from the expectations include, among others:

• **General economic and business conditions;**

As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled



by the growth in industrial activity and robust services sector. The overall economic growth will therefore impact the results of its operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic growth.

- **Our ability to successfully implement its strategy and its growth and expansion plans;**

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of its strategy and its growth and expansion plans could impact the Company's roll out schedules and cause cost and time over runs.

- **Factors affecting industrial activity;**

Any change in the factors such as industrial policies, tariffs, excise duties etc which may affect the activities of the steel, oil & gas, pharmaceutical industry etc. may affect our results of operation.

- **Increasing competition in the industry;**

We face competition from some companies like Ratnamani Metal Limited, Suraj Stainless Limited, Rajendra Engineering and Mechanical Industries Limited in the Domestic market and companies like TPS , Tubacex , Speciality Steel etc. in the overseas market.

- **Cyclical or seasonal fluctuations in the operating results;**

Cyclical or seasonal fluctuations in the operating results of the Company may affect the enduring financial performance at large.

- **Changes in laws and regulations that apply to the industry;**

There are some laws and regulations applicable to the industry in which we operate, which we have to comply/ follow. In case of a failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals our business may be affected.

- **Changes in fiscal, economic or political conditions in India;**

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

- **Changes in the foreign exchange control regulations, interest rates and tax laws in India.**

Any change in the foreign exchange control regulation, mainly interest rates and tax laws pertaining to India affects the liquidity of cash in the market which in turn affects the purchasing power of the economy.

1. Outlook

The company is committed to put continuous efforts for providing superior quality products with research and innovation using best practices, adopting aggressive sales and marketing strategies, investment in people development and expansion of manufacturing capacity. The company is confident of continuous good performance of growth by using better technologies and consistent efforts. Fundamental growth drivers of the Indian economy continue to exist. The overall scenario for economy is showing recovery trends and we believe it will help our industry to grow at a faster rate, and we at Prakash Steelage Limited remains optimistic about our future.

As per the website www.indiapages.in, the per capita consumption of stainless steel in India is only 1.20 kg as against 6 kgs in China, 16 Kgs in Japan and 30 Kgs in Italy which shows that there are tremendous growth opportunities in India.



m. Overview of Our Results of Operations

The following discussion of the financial condition and results of operations for the financial year ending March 31, 2010, 2009, 2008, 2007 & 2006 respectively including the notes thereto and the reports thereon which appear in this Offer Document.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards

(Rs. In Lacs)

Particulars	March, 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Net Sales	43,710.37	29,064.76	21,943.84	15,135.24	9,760.37
Total Income	43,838.60	32,247.36	23,238.20	16,005.63	9,894.02
Total expenses	41,097.57	31,037.82	22,001.05	15,501.33	9,753.32
Total Expenses as a % of Net Sales	94.02	106.79	100.26	102.42	99.93
Gross Block	6,684.56	6,598.74	4,008.48	564.77	429.95
Depreciation	383.59	244.62	122.14	42.45	31.53
Depreciation as % of Sales	0.88	0.84	0.56	0.28	0.32
Secured Loans	9,831.37	8,752.90	4,755.64	2,088.48	431.39
Finance Cost	1,389.77	1,002.44	430.07	209.15	130.48
Finance Cost as % of Net Sales	3.18	3.45	1.96	1.38	1.34
Deferred Tax Liabilities	451.26	382.90	200.19	12.32	14.56
Profit / (loss) before Tax	2,741.03	1,209.55	1,237.15	504.30	140.69
Profit / (loss) before Tax as % of Net Sales	6.27	4.16	5.64	3.33	1.44
Profit / (loss) after tax and extra ordinary items	1,782.19	736.97	820.38	314.30	81.00
Profit / (loss) after tax as % of Net Sales	4.08	2.54	3.74	2.08	0.83

Note: Figures have been regrouped wherever necessary to make the data comparable

n. Comparison of Recent Financial Years with Previous Financial Years

Financial performance of F.Y.2009-10 Vs F.Y. 2008-09

Total Income: Total Income of the Company for year 2009-10 has increased by 35.94% as compared to that of the year 2008-2009 due to increased capacity combined with better realisation.

Total Expenditure: Total expenses for the year 2009-2010 as a percentage of net sales has reduced to 94.02% of the net sales as compared to 106.79% of the net sales due to better efficiency, cost saving exercise and high yielding product mix.

Profit After Tax : Profit After Tax for the year 2009-10 has increased by 141.83% as compared to financial year 2008-09. As a percentage of net sales, the profit after tax has increased to 4.08% as compared to 2.54% in the previous year.. This was due to higher margins and right product mix which was available due to the installation of the state of art machineries at our Umbergaon unit and also due to savings in taxes because of higher depreciation benefits.

Secured Loans: The secured has increased from Rs. 8,752.90 Lacs in the financial year ended 2008-09 to Rs. 9,831.37 Lacs for the financial year ended 2009-10 i.e; Rs. 1138.47 Lacs (13.01%) for the period under comparison. The increase was mainly on account of additional working facilities availed from the Banks by the Company to ensure smooth operations.



Financial performance of F.Y.2008-09 Vs F.Y. 2007-08

Total Income : The total income for F.Y.2008-09 is increased by 38.77% as compared to the total income of F.Y. 2007-08 due to improved quality and more vendor registrations on account of increased production of seamless pipes at our State of the art factory at Umbergaon.

Total Expenditure : The Total Expenditure for F.Y 2008-09 increased to 96.25% of the Total Income as compared to 94.67% of the Total Income in the F.Y.2007-08 which was due to increased cost of Raw Material and fluctuation in foreign exchange rate.

Profit after Tax : Profit After Tax for F.Y.2008-09 has decreased by 8.61% as compared to the PAT of F.Y. 2007-08. As a percentage of total income the profit after tax for F.Y.2008-09 has decreased to 2.32% of the Total Income as compared to 3.53% of the Total Income for F.Y.2007-08 which was due to pressure on margins followed by the global economic slowdown.

Secured Loans : In order to facilitate the ongoing expansion at our Umbergaon plant, we had availed additional secured loans, which lead to an increase in the total secured loans by Rs. 3997.26 (84.05%) for the period under comparison.

Financial performance of F.Y.2007-08 Vs F.Y. 2006-07

Total Income : Total Income for F.Y.2007-08 is increased by 45.19% as compared to the total income of F.Y. 2006-07. The sales value increased due to increase in selling price which was on account of sudden spurt in the prices of nickel which is the major cost component.

Total Expenditure : Total Expenditure for F.Y 2007-08 decreased to 94.67% of the Total income as compared to 98.85% due to the increased efficiency in procurement of raw material which is evident from the fact that the total raw material cost has increased by only 0.81% as compared to FY 2006-07 as against the increase in the sale of manufactured products to 11%.

Gross Block: During the Financial Year 2007-08, Company started its new factory at Umbergaon. The increase in gross block from Rs. 564.77 Lacs in the financial year 2006-07 to Rs. 4008.48 Lacs in the financial year 2007-08 was on account of addition to fixed assets in the form of new factory building, plant and machinery and other equipments.

Deferred Tax Liabilities: The commercial production for the expansion carried out by the company at Umbergaon started in September 2007. The gross block for the financial year 2007-08 increased to Rs. 4,008.48 lacs as compared to Rs. 564.77 Lacs in the financial year 2006-07. This resulted in the Company getting higher depreciation benefits under the Income Tax Act thereby leading to an increase in deferred tax liabilities.

Profit After Tax: Profit After Tax for F.Y.2007-08 has increased by 161% as compared to the previous year. As a percentage of Total Income the Profit After Tax for 2007-08 has increased to 3.53% as compared to 1.96% for FY 2006-07. This was due to increased capacity and better realisation.

Financial performance of F.Y.2006-07 Vs F.Y. 2005-06

Total Income : The Total income for F.Y.2006-07 increased by 55.07% as compared to the previous year under comparison due to better capacity utilisation.

Total Expenditure : Total Expenditure were little higher at 98.85% of Total Income as compared to 98.58% in the previous year which is due to increase in administrative and selling expenses.



Profit After Tax : The Profit After Tax (PAT) for F.Y.2006-07 has also increased by 288% as compared the previous year under comparison due greater sales volume at higher margin. As a percentage of Total Income the profit after tax for F.Y.2006-07 has increased to 1.96% as compared to 0.84% for F.Y.2005-06.

Secured Loans : Secured loans availed by the Company during the financial year 2006-07 has increased by Rs. 1657.09 Lacs i.e; by 384.13% as compared to the financial 2005-06. The increase in the same was on account of the additional loans availed by us mainly for the purposes of expansion carried out at our Umbergaon plant.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events, other than as described in this Offer Document, which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

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

There are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Increase in the cost of the products in which the Company deals, will affect the profitability of the company. Further, the company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase / decrease in turnover is only on account of increase in sales prices and volume.

6. Total turnover of each major industry segment in which the Company operated

Category wise production for sale of finished steel (non-alloy) for 2008-09

(‘000 tonnes)

Category	2007-08				2008-09 (Prov.)			
	M.P.	Others	IPT/OC	Total	M.P.	Others	IPT/OC	Total
Non-Flat Products								
Bars & Rods	5,313	14,875	-	20,188	5,186	15,500	-	20,686
Structurals/Special Sections	1,003	4,040	-	5,043	935	4,210	-	5,145
Rails & Railway Materials	951	135	-	1,086	1,012	165	-	1,177
Total (Non-flat product)	7,267	19,050	-	26,317	7,133	19,875	-	27,008
Flat Products								
Plates	2,688	1,369	-	4,057	2,498	1,495	-	3,993
H R Coils/Skelp/ Strips	4,707	8,977	2,010	11,674	4,577	9,730	3,300	11,007



Category	2007-08				2008-09 (Prov.)			
	M.P.	Others	IPT/OC	Total	M.P.	Others	IPT/OC	Total
H R Sheets	302	455	-	757	277	315	-	592
C R Coils/Sheets/ Strips	1,891	5,560	3,012	4,439	1,657	5,145	2,200	4,602
GP/GC Sheets	729	3,652	-	4,381	711	3,870	-	4,581
Electric Sheet	81	78	-	159	71	92	-	163
Tin Plates	15	168	-	183	19	193	-	212
T M B P	-	6	-	6	-	-	-	-
Tin Free Steel	-	-	-	-	-	-	-	-
Total (Flat Products)	10,413	20,265	5,022	25,656	9,810	20,840	5,500	25,150
Pipes (Large diagonal)								
3. Pipes (Large diagonal)	85	1,250	-	1,335	77	1,285	-	1,362
Total (Fin. Carbon Steel)	17,765	40,565	5,022	53,308	17,020	42,000	5,500	53,520

7. Status of any publicly announced new product

We have not publicly announced any new products. However we plan to foray into Duplex, Super Duplex and Super Austenitic pipes / tubes (different kind of pipes/ tubes based on the material used in its manufacturing.

8. The extent to which the business is Seasonal

Our business is not seasonal and no major cyclical trends are observed in this industry.

9. Competitive conditions

We face competition from few companies like Ratnamani Metal Limited, Suraj Stainless Limited, Rajendra Engineering and Mechanical Industries Limited in the Domestic market and companies like TPS, Tubacex , Speciality Steel etc. in the overseas market.

10. Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the company's objective, expectations or predictions may be forward looking statements within the meaning of applicable security law and regulations. These statements are based on certain assumption and expectation of future events. Actual results could however differ materially from those expressed or implied.



SECTION V - LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

I. CONTINGENT LIABILITIES NOT PROVIDED FOR:

The contingent liabilities not provided for as on March 31, 2010 are as follows:

Particulars	Amount (Rs. in lacs)
Guarantees given by the bankers of the Company	142.75
Sales Tax demands disputed in Appeals	39.26
Letters of Credit opened by the Bankers of the Company	4,019.21
Total	4,201.22

II. OUTSTANDING LITIGATIONS INVOLVING PRAKASH STEELAGE LIMITED:

The Issuer Company certifies that except as stated herein there are no:

- Pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases and irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoters and there business ventures.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Prospectus and that no litigations have arisen and the Company and its Directors take full responsibility of the information mentioned in the Prospectus.

Cases filed against the company

(a) Civil Cases - NIL

(b) Criminal Cases - NIL

(c) Cases filed against the company under labour laws: Nil

(d) Pending Litigation Under Central Excise Act And Service Tax Act: Nil

(e) Pending disputes under Income Tax Act

Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
1.	Appeal No. 50 of 2009 before the Income Tax Appellate Tribunal, Mumbai	Income-tax Officer 5 (2), Mumbai	<p>The Company is the Appellant in the appeal.</p> <p>The Company has filed an appeal before the Appellate Tribunal, Mumbai Bench, Mumbai, against the order passed by the Commissioner of Income Tax (Appeal)-V, Mumbai. The Assessing Officer by his Order dated November 30, 2006 had assessed the income of the Company for the Assessment Year 1999-2000, at Rs. 9,81,190/- against the income declared by the Company at Rs. 1,73,359/- Vide the said Order it has also initiated separately a penalty proceedings under section 271(1)(C) of the Income Tax Act, 1961. A Notice of demand was also issued to the Company under Section 156 of the Income Tax Act, 1961 vide the Order of the Assessing Officer for a sum of Rs. 6,22,226/- which has been duly paid by the Company.</p> <p>The Company filed an appeal before the Commissioner of Income Tax (Appeals)-V, Mumbai, against the Order of the Assessing Officer who has partly allowed the appeal.</p> <p>The Company had filed the present Appeal before the Appellate Tribunal, Mumbai Bench, challenging the reduction in deduction claim from eligible profits under section 80IA for labour charges (Rs.5,56,157), interest received on Fixed Deposit (Rs.45,984) and profit on sale of DEPB license (Rs.2,05,689).</p> <p>The Tribunal vide its order dated November 12, 2009 has partly allowed the Appeal filed by the Company. The Tribunal has upheld the Order of the Assessing Officer to the extent of disallowance of interest received on Fixed Deposit and profit on sale of DEPB license from calculation of eligible profits under section 80IA.</p> <p>The Order passed by the Tribunal is yet to be made effective by the Income Tax Department.</p>
2.	Appeal No. 3209/Mum of 2007 before the Income Tax Appellate Tribunal, Mumbai	Deputy Commissioner of Income Tax 5 (2), Mumbai	<p>The Company is the Appellant in the appeal.</p> <p>The Company has filed an appeal before the Appellate Tribunal, Mumbai Bench, against the Order dated February 8, 2007 passed by the Commissioner of Income Tax (Appeals) - V, Mumbai. The Assessing Officer, by his order dated 17.1.2006 had assessed the income of the Company for the Assessment Year 2003 - 2004, at Rs. 25,08,094/- against the self assessed income</p>



Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
			<p>declared by the Company at Rs. 18,34,500/-. As per the Assessment Order, during the year under consideration, the Company had claimed a deduction of Rs.6,72,344/- under section 80IB. It has been stated in the order that after perusal of the profit and loss account, a Show Cause Notice was issued by the Assessing Officer asking the Company to show cause why the Income of Rs. 54,38,213/- under five heads be not excluded from the profit of the business for claiming deduction under section 80IB. The Assessing Officer in his Assessment Order under section 143(3) had disallowed Rs. 54,38,213/- while calculating the deduction under section 80IB since the income cannot be related to the business activity eligible under section 80IB. The exclusion of the said amount resulted in negative profit and the Assessing Officer concluded that the Company was not eligible for deduction under 80IB. A Notice of demand was also issued to the Company under Section 156 of the Income Tax Act, 1961 vide the Order of the Assessing Officer for a sum of Rs. 3,43,480/- which has been duly paid by the Company. Against this Assessment Order, the Company filed an appeal before the Commissioner of Income Tax (Appeals) - V, Mumbai, who had dismissed the appeal vide his Order dated February 8, 2007.</p> <p>The Company filed the present appeal before Income Tax Appellate Tribunal, Mumbai Bench. In the appeal, the Company has questioned the arbitrary disallowance of the deductions of Rs. 6,72,344/- (being 30% of profit of the Silvassa unit) as claimed by the Company under section 80IB.</p> <p>The Company has received the copy of the Order dated October 16, 2009 passed by the Income Tax Appellate Tribunal, Mumbai Bench disposing of the Appeal filed by the Company.</p> <p>The Tribunal while disposing the Appeal has inter-alia restored the matter to the file of the Assessing Officer for verification in respect to certain items and has directed the Assessing Officer to examine as to whether the Company had claimed deduction in respect to these items.</p>
3.	Appeal No. 4473/Mum of 2009 before the Income Tax Appellate	Assistant Commissioner of Income Tax 5 (2) Mumbai	<p>The Company is the Appellant in the appeal.</p> <p>The Company has filed an appeal before the Appellate Tribunal, Mumbai Bench, against the Order dated June</p>



Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
	Tribunal, Mumbai		<p>23, 2009 passed by the Commissioner of Income Tax (Appeals) - V, Mumbai. For the Assessment Year 2005 - 2006, the Company filed a return of income of Rs.37,76,597/-. The Assessing Officer had vide his Order under section 143(3) dated December 14, 2007 assessed the income of the Company for the Assessment year 2005 - 2006, at Rs. 50,60,350/-. During the year under consideration, the Company has claimed deduction under section 80IB of Rs.12,81,498- being 30% of the profit for Silvassa Unit. During the course of the proceedings, a Show Cause Notice issued by the Assessing Officer sought the Company to show cause why the Income of Rs. 1,35,98,760/- not be excluded from the profit of the business for claiming deduction under section 80IB as such income was not relatable to the manufacturing activity. The Assessing Officer vide his Order had disallowed Rs. 1,35,98,760/- while calculating the deduction under section 80IB the income was not derived from the business activity eligible under section 80IB. Further, the deduction of payment towards employees provident fund amounting to Rs. 65,259/- was disallowed under section 43B, since the remittance was made after the due dates. Vide the said Order the Assessing Officer has also initiated separately penalty proceedings under section 271(1)(c) of the Income Tax Act, 1961. A Notice of demand was also issued to the Company under Section 156 of the Income Tax Act, 1961 vide the Order of the Assessing Officer for a sum of Rs. 6,44,100/- which has been duly paid by the Company.</p> <p>Against this Assessment Order, the Company filed an appeal before the Commissioner of Income Tax (Appeals) - V, Mumbai. The CIT(A) partly allowed the Appeal vide his Order dated June 23, 2009. The Order partly allowed Rs. 32,887/- towards deduction on provident fund remittance.</p> <p>The Company had filed the present Appeal before Income Tax Appellate Tribunal, Mumbai Bench, against the order of Commissioner of Income Tax (Appeals). In the Appeal, the Company has questioned the arbitrary disallowance of the deductions under Section 80IB and the deductions under section 43B in respect to PF payments.</p> <p>The Company has received the Order dated March 29, 2010 passed by the Income Tax Appellate Tribunal, partly allowing the Appeal filed by the Company.</p>



Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
4.	Appeal No. CIT(A)-9/5 (2)/335 of 08-09 before the Commissioner of Income Tax (Appeals) - 9, Mumbai	Additional Commissioner of Income Tax - 5(2), Mumbai	<p>The Company is the appellant in the present appeal.</p> <p>The Company had filed an appeal before the Commissioner of Income Tax (Appeals) - V, against the Order dated December 30, 2008 passed by the Additional Commissioner of Income Tax-5 (2), Mumbai. For the Assessment Year 2006-2007, the Company had declared an income of Rs.1,27,93,759/-. The Assessing Officer had vide the said Order under section 143(3) assessed the income of the Company for the Assessment year 2006 - 2007, at Rs. 1,50,84,000/- against the self assessed income declared by the Company at Rs. 1,27,93,759/-. During the year under consideration, the Company has claimed a deduction under section 80IB, of Rs.41,90,564/- being 30% of the profits of Silvassa Unit. On a perusal of the Profit and Loss account, it was noticed that the Company has shown certain receipts aggregating to Rs.1,09,35,395/- as income. During the course of the proceedings, a Show Cause Notice was issued by the Assessing Officer asking the Company to show cause why the income of Rs. 1,09,35,395/- not be excluded from the profit of the business for claiming deduction under section 80IB. The Assessing Officer vide his Order had disallowed Rs. 1,09,35,395/- while calculating the deduction under section 80IB since the same was not derived from the business activity eligible under section 80IB. The exclusion of the said amount resulted in eligible profit being reduced and the corresponding deduction under section 80IB was disallowed to the extent of Rs. 32,89,574/-. Further, the deduction of employees provident fund payment of Rs. 47,276/- was disallowed under section 36(1)(va). Vide the said Order he has also initiated separately penalty proceedings under section 271(1)(C) of the Income Tax Act, 1961 on the enhancement of return income. The Notice has not yet been received by the Company. Pursuant to the order passed, a Notice of demand was issued to the Company under Section 156 of the Income Tax Act, 1961 for a sum of Rs. 17,99,215/-. The Company had vide its letter dated 27th January 2009 filed an application for rectification, seeking to allow the deduction of Rs. 7,80,000/- pertaining to Self Assessment Tax which was paid and was inadvertently not given credit to in the Order passed by the Assessing Officer.</p> <p>Against this Assessment Order, the Company has filed an appeal before the Commissioner of Income Tax (Appeals) - V, Mumbai. The CIT(A) vide its Order</p>



Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
			<p>dated December 7, 2009 inter-alia upheld the disallowance of Rs. 1,09,35,395/- by the Assessing Officer while calculating the profit of the business for claiming deduction under section 80IB. Further, the CIT(A) allowed the appeal to the extent of the deduction claimed by the Company on account of employees provident fund payment of Rs. 47,276/- under section 36(1)(va).</p> <p>The order passed by the commissioner of Income Tax (Appeals) is yet to be made effective by the Income Tax Department.</p>

(f) Pending disputes under the sales tax act

1994-95

For the period of assessment April 1, 1994 to March 31, 1995, the Assistant Commissioner of Sales Tax (Assessment) vide his Assessment Order dated January 1, 2005 under the Central Sales Tax Act, 1956 and the Bombay Sales Tax Act, 1959 detailed the following:

(In Rs.)

Particulars	Under	
	The Central Sales tax Act, 1956	The Bombay Sales tax Act, 1959
Sales Tax as per assessment	6,23,066/-	15,60,992/-
Balance Sales Tax payable* (after set off and adjustment)	24,687/-**	1,29,669/-

*inclusive of interest and penalty

** adjusted against dues

Against the above assessment, the Company had filed Appeals before the Deputy Commissioner of Sales Tax (Appeal) IV, Mumbai. The Appellate Authority vide its orders dated July 31, 2006 dismissed the Appeals and directed the assessing authority to take necessary action under the Impugned Order.

The Company filed the second Appeal before the second bench of the Maharashtra Sales Tax Tribunal, Mumbai challenging the Order passed by the Deputy Commissioner of Sales Tax (Appeal) IV, Mumbai. The Tribunal vide its order dated February 20, 2008 partly allowed the Appeal under the Bombay Sales Tax Act by restoring the matter to the first Appellate Authority with the direction to decide afresh by following the directions specified in the Order of the tribunal as regarding the setoff under rule 41E and reworking of interest under section 36(3)(b). Under the Central sales tax Act, the tribunal vide its order confirmed the assessment along with the levy of the CST Penalty and directed the assessing authority to refund Rs. 40,467/-.

The matter is pending before the assessing authority and the Appellate Authority.

1995-96

For the period of assessment April 1, 1995 to March 31, 1996, the Assistant Commissioner of Sales Tax (Assessment) vide his Assessment Orders dated February 23, 2005 under the Central Sales Tax Act, 1956 and the Bombay Sales Tax Act, 1959 detailed the following:



(In Rs.)

Particulars	Under	
	The Central Sales tax Act, 1956	The Bombay Sales tax Act, 1959
Sales Tax assessed	9,45,099/-	23,41,994/-
Sales Tax payable* (after taking into account amount already paid)	2,90,360/-	69,317/-

*Inclusive of interest and penalty

Against the above assessment, the Company had filed an Appeal before the Deputy Commissioner of Sales Tax Appeals IV, Mumbai.

The Appellate Authority vide its Order granted an interim stay upto August 7, 2006 for the recovery of the disputed amount under the Central Sales Tax Act, 1956 and the Bombay Sales Tax Act, 1959 subject to an amount of Rs. 10,000/- and Rs. 5,000/- respectively being paid, before August 7, 2006 for the stay. The Appellate Authority vide its Order dated September 8, 2006 extended the period of stay upto the date of disposal of the Appeal filed in the matter.

2004-05

For the period of assessment April 1, 2004 to March 31, 2005, the Deputy Commissioner of Sales Tax (Assessment) passed an ex-parte Order vide his Assessment Orders dated November 27, 2009 (served on the Company on January 1, 2010) under the Central Sales tax Act, 1956 and the Bombay Sales tax Act, 1959 detailed the following:

(In Rs.)

Particulars	Under	
	The Central Sales tax Act, 1956	The Bombay Sales tax Act, 1959
Sales Tax assessed	34,22,552/-	42,45,983/-
Sales Tax payable* (after taking into account amount already paid)	25,32,191/-	9,04,730/-

*Inclusive of interest and penalty

The Company filed Form N-30AA dated January 5, 2010 requesting for cancellation of the said ex-parte Assessment Orders under the Central Sales tax Act, 1956 and the Bombay Sales tax Act, 1959 (including the interest and penalty).

Further:

- (i) during the course of sales tax proceedings, Sales Tax Authorities could not find certain " F" Forms (Inter Branch Transfer) and " C" Forms (Inter State Sales).
- (ii) since the Company could not provide the same in time, it had paid a sum of Rs.40,00,000/- to avoid any penalty .
- (iii) the forms were subsequently found out and are being submitted to the authorities.
- (iv) As per audit under VAT, the total liabilities for the financial years 2005 - 2009 works out to Rs.6,00,000/-.

There are no pending proceedings under the Gujarat Value Added Tax Act, 2003 and Central Sales Tax Act, 1959.



Cases filed by the Company

- (a) Civil Cases - NIL
(b) Criminal Cases -

Sr. No.	Reference Case No.	Opposite Party	Gist of the case
1.	728/SS/2008 Metropolitan Magistrate's Court, 14th Court Girgaum Mumbai	Mr. Amir Khan/M/s. Startech Engineers & Contractors Shop No. 373, Opp. Sagar Hotel Mumbai Pune Highway Khopoli Khalapur Taluk Raigad District.	<p>An MOU dated 19.04. 2008 was entered into between the Company and Star Tech Engineers and Contractors ("Star Tech") for purchase by the Company of certain items of steel materials lying at the premises of Bhagve Udyog Limited. In terms of the MOU, the Company was to pay to 10% advance on acceptance of the MOU by Star Tech. Certain obligations were to be performed by Star Tech. The Company had paid the advance amount of Rs.12,80,000/- to Star Tech, but the latter failed to fulfill its commitments under the MOU. The Company thereafter demanded from Star Tech the amount paid by it and also the loss and damages suffered by it. Consequent to such demand, Star Tech issued a cheque dated 10.07.2008 for Rs.13,00,000/- in favour of the Company. The said cheque, when presented for payment had dishonoured. The Company thereafter issued a notice through its lawyer to Mr. Amir Khan demanding payment of the amount due on the cheque. Star Tech after receiving the notice paid a sum of Rs.2,00,000/- to the Company but failed to pay the balance amount. In the circumstances, the Company filed a complaint under section 138 of the Negotiable Instruments Act against Mr. Amir Khan for the dishonour of cheque.</p> <p>Non bailable warrants have been issued against the accused.</p> <p>The next date of hearing in the matter has been scheduled on December 26, 2010.</p>
2.	374/SS/2009 Metropolitan Magistrate's Court, 14th Court Girgaum Mumbai	M/s. India Earth Resources Inc. & Mr. S Venkat Ramanujam Both having address at 66, Cathedral Road Chennai 600 086.	<p>The Company had sold and supplied to India Earth Resources ("IER") SS Materials for a value of Rs.15,45,395/ as per Purchase Order No. 33 dated 31.07.2008. After receiving the materials, IER issued a cheque dated 15.11.2008 for Rs.15,45,395/- in favour of the Company. After issue of the cheque IER requested the Company not to present the</p>



Sr. No.	Reference Case No.	Opposite Party	Gist of the case
			<p>cheque; subsequently as requested by IER, the Company deposited the cheque in its account. However, the cheque was dishonoured due to insufficiency of funds. Thereafter the Company caused a notice dated 05.05.2009 to be issued through its lawyer to IER and one Mr. Venkat Ramanujam, a partner of IER demanding payment of the amount due on the cheque. The demand made in the notice not having been complied with, the Company filed a complaint against IER and Mr Venkat Ramanujam under section 138 of the Negotiable Instruments Act for the dishonour of cheque.</p> <p>Bailable warrant has been issued against the accused.</p> <p>The next date of hearing in the matter has been scheduled on September 9, 2010.</p>

III. OUTSTANDING LITIGATIONS INVOLVING DIRECTORS OF COMPANY

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoters and director of the Company except the following:

Legal proceedings by or against the directors of Prakash Steelage Limited

- (a) Proceedings of civil nature
 - (i) By the Directors - NIL
 - (ii) Against the Directors - NIL
- (b) Proceedings of criminal nature
 - (i) By the Directors - NIL
 - (ii) Against the Directors - NIL

IV. OUTSTANDING LITIGATIONS INVOLVING PROMOTERS AND GROUP COMPANIES

There are no outstanding litigation, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoter group companies.

Legal proceedings by/against the promoters/group entities

(a) Proceedings of civil nature

(i) By the promoters/group entities : NIL

(ii) Against the promoters/group entities: NIL

(b) Proceedings of a criminal nature

(i) By the promoters/ group entities:

PCK Metals Private Limited

Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
1.	Criminal case No 781 of 2009 before the Court of Metropolitan Magistrate's 14 th Court, Girgaum, Mumbai	Vishal Udyog (Partnership Firm), Mr. Vishal Nangla, Partner and Mr. Dharam Nangla, Partner	The Company is the Complainant, which has filed a complaint against M/s. Vishal Udyog a Partnership Firm and Mr. Vishal Mangla and Mr. Dharam Mangla being the Partners thereof. The Company pursuant to a written Purchase Order dated September 12, 2008 had sold and delivered materials viz. S.S. Coil Sheet etc. to the Accused. The Company had issued four invoices to the Accused towards payment of a total sum of Rs. 22,05,187/-, being the amount due for such supply. The Accused towards discharge of liability issued a cheque dated October 27, 2008 for the sum of Rs. 21,48,588/-. The said cheque was dishonored by the Bank with a remark "opening balance insufficient". Subsequently, the Accused issued four cheques for a sum of Rs. 21,48,588/- all drawn on ICICI Bank Ltd., Lamington Road Branch, Mumbai in favour of the Company. However, these four cheques when presented for payment were returned unpaid/dishonored by the banker of the Accused vide four different cheque return memos all dated September 9, 2009 with a common reason "Payment stopped by Drawer". The Company, thereafter, issued a demand notice dated October 3, 2009 to be sent to the accused under the relevant provisions of the Negotiable Instruments Act. The said Notice returned back with a remark as "unclaimed". Another Notice was sent and was duly



Sr. No.	Reference to Case No.	Opposite Party	Brief facts of the case
			<p>served. Another Notice sent under certificate of posting has not returned back to the Company. As the Accused did not file their reply to the Notice nor made any attempts to make the necessary payments, the Company filed the current complaint under section 138 of the Negotiable Instruments Act.</p> <p>A Bailable warrant is pending against the Accused. The next date of hearing in the matter has been scheduled on August 23, 2010.</p>
2.	Criminal case No. 777 of 2009 before the Court of Metropolitan Magistrate's 14 th Court, Girgaum, Mumbai	Mr. Bhavesh Patel Proprietor of Vimtex Machines	<p>The Company has filed a complaint against Mr. Bhavesh Patel, the proprietor of Vimtex Machines. The Company had sold and delivered materials viz. "S.S. Coil Sheet" to the Accused. The Company had issued four invoices to the Accused towards payment of a total sum of Rs. 7,81,538/-, being the amount due for such supply. Subsequently, the Accused issued seven cheques all drawn on ICICI Bank Ltd., Ahmedabad dated April 25, 2009, May 25, 2009, June 25, 2009, July 25, 2009, July 30, 2009, August 25, 2009 and August 30, 2009 respectively in favour of the complainant totaling to Rs. 4,33,621/-. The said cheques were dishonored by the Bank with a common reason "insufficient funds".</p> <p>The Company, thereafter, sent a demand notice dated October 3, 2009 to the Accused under the relevant provisions of the Negotiable Instruments Act. The said Notice was acknowledged as received. As the Accused neither sent his reply to the Notice nor made any attempts to make the necessary payments, the Company filed the Complaint under section 138 of the Negotiable Instruments Act.</p> <p>The next date of hearing in the matter has been scheduled on October 6, 2010.</p>

(ii) Against the promoters/ group entities: NIL

(c) Cases under Income tax Act against the promoters/ group entities: Nil

NOTICES RECEIVED

- By Prakash Steelage Limited

Sr. No.	Issuing Authority	Date of Issue	Remarks
1.	Asst. Commissioner of Wealth Tax, Central circle 14,	October 20, 2009	The Assistant Commissioner of Wealth Tax, had issued to the Company separate Notices under Section 17 of the Wealth Tax Act, 1961 in respect of Assessment



Sr. No.	Issuing Authority	Date of Issue	Remarks
	Mumbai		<p>Years 2005-06, 2006-07, 2007-08 and 2008-09 .</p> <p>It has been stated in the Notice that the net wealth chargeable to tax for the respective assessment years had escaped assessment within the meaning of section 17 of the Wealth Tax Act and consequently he proposed to assess/reassess the net wealth that has escaped assessment. The Company was requested to deliver within 30 days of the receipt of the Notice, a return in respect of net wealth chargeable to tax.</p> <p>The Company filed on 12.2.2010 the required return in the format specified inter-alia contending that for the AY 2005-06 and 2006-07 the net wealth being less than 15 lakhs, no wealth tax is required to be paid. Further, for the AY 2007-08 and 2008-09 the Company paid Rs. 4,209/- and Rs. 39,691/- respectively as wealth tax (including interest).</p> <p>The matter is pending before the Assessing Officer.</p>
2.	Joint Commissioner of Customs (E.P) Mumbai	March 8, 2007	<p>A Show Cause notice SG/MISC-61/APN/2002 SIIB (I)/ S/10-20/2007 GP VII under Sections 28 and 124 of the Customs Act, 1962 was issued by the Joint Commissioner of Customs (EP). It has been inter-alia alleged in the Notice that some importers viz. Prakash Steel, 89, C P Tank Road, Mumbai and Prakash Steelage Limited were clearing consignment of stainless steel coils secondary/defective by misdeclaring the goods to claim benefit of serial No. 193 and 207 of Notification No. 21/2002 dated 1.3.2002 and also undervaluing the goods to evade customs duty. The Notice gives details of goods imported by the Notices, from whom they were imported, investigation made by the department, nature of misdeclaration etc. As far as Prakash Steelage Ltd. was concerned, it was asked to show cause:</p> <ul style="list-style-type: none"> ▪ Why the goods imported Bill of Entry No.252882 dated 3.4.2002 be not confiscated under section 111(m) and 111(o) of the Customs Act, 1962 for willful suppression of the description of the goods and its value thereof and why a fine in lieu of confiscation not be imposed. ▪ Why the differential duty of Rs. 3,92,159/- for goods covered under the above Bill of Entry should not be recovered under Section 28 of the Customs Act, 1962 and why applicable interest should not be recovered. ▪ Why the deposit of Rs. 2,00,000/- be not adjusted against the duty liability of Rs. 3,92,159/-.



Sr. No.	Issuing Authority	Date of Issue	Remarks
			<ul style="list-style-type: none"> Why penalty under Section 112(a) and/or 114(A) of the Customs Act, 1962 not be imposed. <p>The Company filed its reply vide its letter dated June 28, 2006 denying the allegations stated in the Notice. In the reply, the Company inter-alia denied the allegations contained in the notice and repudiated its liability under any count. The Company has also taken the plea of limitation in its reply.</p> <p>The matter is pending.</p>
3.	Income Tax Officer 5(2), Mumbai	November 30, 2006	<p>A Show Cause Notice ref. no. Pen-5/pg.60/06-07 dated November 30, 2006 was issued under section 274 read with section 271 of the Income Tax Act, 1961 to the Company. The said Notice was issued pursuant to the Assessment Order dated November 30, 2006 passed by the Income Tax Officer 5(2) for the AY 1999-00. The Order has been discussed in detail under the heading "Pending disputes under Income Tax Act" of this Report.</p> <p>Since the main appeal is pending before the ITAT, the said Notice has been kept in abeyance.</p>
4.	Assistant Commissioner of Income Tax, Range 5(2), Mumbai	December 14, 2007	<p>A Show Cause Notice ref. no. 23/40/07-08 dated December 14, 2007 was issued to the Company by the Assistant Commissioner of Income Tax under section 274 read with section 271 of the Income Tax Act, 1961. The said Notice was issued pursuant to the Assessment Order dated 14th December 2007 passed by the Assistant Commissioner of Income Tax for the AY 2005-06. The Order has been discussed in detail under the heading "Pending disputes under Income Tax Act" of this Report.</p> <p>Since the main appeal is pending before the ITAT, the said Notice has been kept in abeyance.</p>

BY THE PROMOTER/GROUP ENTITIES

(i) Mr. Ashok M Seth

Sr. No.	Issuing Authority	Date of Issue	Remarks
1.	Commissioner of Customs (import) Special Investigation & Intelligence Branch (Import), Uran,	July 14, 2005	A Show Cause Notice SG/MISC-204/2005 SIIB (IMP) JNCH/ S/10-21/2005-2006 SIIB (IMP) JNCH under Section 124 of the Customs Act, 1962 was issued by the Commissioner of Customs (Import). Vide the Notice it has been inter-alia alleged that Prakash Steel was



Sr. No.	Issuing Authority	Date of Issue	Remarks
	Raigad		<p>claiming undue benefit under notification 21/2002-Cus dated March 1, 2002 Sr. No. 207 by mis-declaring the description and value of the goods as "stainless Steel Ex-Stock Material" as against "Secondary/ Defective Stainless Steel Coils".</p> <p>The Notice has called upon Prakash Steel (the importer) and Mr. Ashok M Seth (the Authorised Signatory) to show cause:</p> <ul style="list-style-type: none"> ▪ Why the differential duty of Rs. 2,44,867/- should not be adjusted against the duty liability (alongwith the interest) ▪ Why the goods imported be not confiscated under section 111(m) of the Customs Act, 1962 for willful suppression of the correct description of the goods and its value thereof and why a fine in lieu of confiscation not be imposed. ▪ Why penalty under Section 112(a) of the Customs Act, 1962 not be imposed on Prakash Steel. ▪ Why penalty should not be imposed on Mr. Ashok M Seth, the authorised signatory of Prakash Steel. <p>On February 1, 2006, the Notices received a Corrigendum to the said Notice wherein the mailing address of the Issuing Authority was changed.</p> <p>Prakash Steel filed its reply vide its letters dated September 22, 2005 and June 28, 2006 denying the allegations stated in the Notice. In the reply, Prakash Steel inter-alia states that the allegation of mis-declaration of goods is not supported by any documents. It has further been stated in the reply that Prakash Steel being a proprietary concern, it is not liable for penalty.</p>
2.	Joint Commissioner of Customs (E.P) Mumbai	March 8, 2007	<p>A Show Cause Notice SG/MISC-61/APN/2002 SIIB (I)/ S/10-20/2007 GP VII under Sections 28 and 124 of the Customs Act, 1962 was issued by the Joint Commissioner of Customs (EP) to Prakash Steelage Ltd. and Prakash Steel. It has been inter-alia been alleged in the Notice that some importers viz. Prakash Steel, 89, C P Tank Road, Mumbai and Prakash Steelage Limited were clearing consignment of stainless steel coils secondary/defective by misdeclaring the goods to claim benefit of serial No. 193 and 207 of Notification No. 21/2002 dated 1.3.2002 and also undervaluing the goods to evade customs duty. The Notice gives details of goods imported by the Notices, from whom they were imported, investigation made by the department, nature of misdeclaration etc. As far as Prakash Steel</p>



Sr. No.	Issuing Authority	Date of Issue	Remarks
			<p>was concerned, it was asked to show cause:</p> <ul style="list-style-type: none"> ▪ Why the differential duty of Rs. 4,00,458/- for goods covered under Bill of Entry No. 252882 dated 3.4.2002 should not be recovered under Section 28 of the Customs Act, 1962 and why applicable interest should not be recovered. ▪ Why the deposit of Rs. 1,50,000/- be not adjusted against the duty liability of Rs. 4,00,458/-. ▪ Why the goods imported under the above Bill of Entry be not confiscated under section 111(m) and 111(o) of the Customs Act, 1962 for willful suppression of the description of the goods and its value thereof and why a fine in lieu of confiscation not be imposed. ▪ Why penalty under Section 112(a) and/or 114(A) of the Customs Act, 1962 not be imposed. <p>Prakash Steel filed its reply to the Notice vide their letter dated June 27, 2007 inter-alia denying the charges in the Notice and stated that the goods are not liable for confiscation and the amount so deposited not be adjusted towards differential duty. Further, it also stated that the Notice is barred by limitation under section 28 of the Customs Act, 1962. The matter is pending before the Authorities.</p>
3.	Commissioner of Customs (import) Special Investigation & Intelligence Branch (Import), Uran, Raigad	July 14, 2005	<p>A Show Cause notice SG/MISC-204/2005 SIIB (IMP) JNCH/ S/10-21/2005-2006 SIIB (IMP) JNCH under Section 124 of the Customs Act, 1962 was issued by the Commissioner of Customs (Import). The Notice has been issued to Mr. Seth since at the relevant time he was the authorized Signatory of Prakash Steel. Further the Notice alleges that Prakash Steel was claiming undue benefit under notification 21/2002-Cus dated March 1, 2002 Sr. No. 207 by mis-declaring the description and value of the goods as "stainless Steel Ex-Stock Material" as against "Secondary/ Defective Stainless Steel Coils". The Notice has called upon the importer i.e. Prakash Steel and Mr. Ashok M Seth to show cause:</p> <ul style="list-style-type: none"> ▪ why the differential duty of Rs. 2,44,867/- should not be adjusted against the duty liability (alongwith the interest) ▪ Why the goods imported be not confiscated under section 111(m) of the Customs Act, 1962 for willful suppression of the correct description of the goods and its value thereof and why a fine in lieu of confiscation not be imposed. ▪ Why personal penalty should not be imposed



Sr. No.	Issuing Authority	Date of Issue	Remarks
			<p>upon Mr Ashok M Seth under section 112(a) of the Customs Act, 1962.</p> <ul style="list-style-type: none"> ▪ Why penalty should not b imposed on Prakash Steel under section 112 (a) of the Customs Act, 1962. <p>On February 1, 2006, the Notice received a Corrigendum to the said Notice wherein the mailing address of the Issuing Authority was changed.</p> <p>Mr. Seth filed his reply vide his letter dated September 22, 2005 denying the allegations stated in the Notice.</p>
2.	Joint Commissioner of Customs (E.P) Mumbai	March 8, 2007	<p>A Show Cause notice SG/MISC-61/APN/2002 SIIB (I)/ S/10-20/2007 GP VII under Sections 28 and 124 of the Customs Act, 1962 was issued by the Joint Commissioner of Customs (EP). Vide the Notice, it has been inter-alia alleged that Mr. Seth being the authorized Signatory of Prakash Steel and Executive Director of the Issuer Company, at the relevant time, had deliberately tried to mislead and suppress the correct information for clearance of the goods from customs and malafide intention to evade customs duty amounting to Rs. 7,92,617/-.</p> <p>The Notice has called upon Mr. Seth jointly with Prakash Steel and the Company:</p> <ul style="list-style-type: none"> ▪ Why differential duty of Rs. 7,92,617/- (i.e. Rs. 3,92,159/- for Prakash Steel and Rs. 4,00,458/- for the Issuer Company) should not be recovered under Section 28 of the Customs Act, 1962 including the interest amount. ▪ Why the deposit of Rs. 3,50,000/- not be adjusted against the duty liability of Rs. 7,92,617/-. ▪ Why the goods imported be not confiscated under section 111(m) and 111(o) of the Customs Act, 1962 for willful suppression of the description of the goods and its value thereof and why a fine in lieu of confiscation not be imposed. ▪ Why penalty under Section 112(a) and/or 114(A) of the Customs Act, 1962 not be imposed. <p>In addition, the Notice also, calls upon Mr. Seth why personal penalty should not be imposed upon him under section 112(a) of the Customs Act, 1962.</p> <p>Mr. Seth filed his reply vide his letters dated September 22, 2005 and June 28, 2006 denying the allegations stated in the Notice. He has also referred to the replies filed by Prakash Steel and by the Company in the matter.</p>



SEARCH & SEIZURE PROCEEDINGS

During February 2009, the Issuer Company amongst 25 other persons were subjected to a search and seizure proceedings by the Income Tax Department under section 132 of the Income Tax Act, 1961. During the course of the search and seizure, the Income Tax Authorities have taken custody of certain documents/records and recorded statements of certain officials of the Company. Mr. Prakash Kanugo on behalf of himself and his related individuals/group companies/concerns which includes the Company filed a voluntary declaration on February 25, 2009 (based on best judgement) declaring an aggregate sum of Rs. 15,00,21,000/- as the undisclosed income and thereafter paid a consolidated income tax totaling to Rs. 4,87,14,831/-. Out of the above voluntary consolidated income declaration by Mr. Prakash Kanugo, the declaration of income for the Company was Rs. 7,10,97,351/- and the total income tax paid on the said declaration was Rs. 2,70,96,896/-.

The Company received a Notice dated July 6, 2009 under the provisions of section 153A of the Income Tax Act, 1961 wherein it was inter-alia directed to file a true and correct return of total income in respect to AY 2003 - 04, AY 2004 - 05, AY 2005 - 06, AY 2006 - 07, AY 2007 - 08 and AY 2008 - 09. In response to the Notice, the Company vide several letters all dated August 14, 2009 filed the acknowledged copy of the returns filed for AY 2003-04 to AY 2008-09. The Income Tax Authorities have examined the records / documents taken into their custody and statements recorded during the course of the raid and have forwarded their findings to the Assessing Officer, for assessment on the basis of such findings.

The Assessing Officer issued a Notice dated August 28, 2009 under section 143(2) of the Income tax Act, 1961 requiring the Company through its authorized representative to be present on September 15, 2009. The Company vide its letter dated October 14, 2009 requested the proceedings under section 143(2) be dropped since the Notice under section 153A was already issued in the matter. On October 1, 2009 the Company received another Notice under section 142(1) and 143(2) of the Income Tax Act, 1961 wherein the Assessing Officer inter-alia required the Company to furnish the information specified in the prescribed format by October 19, 2009. The Company vide its letter dated October 20, 2009, sought an adjournment of the hearing and requested for a fresh date of hearing in the matter. After submitting the letter dated October 20, 2009 with the Assessing officer, the Company was informed by the Assessing Officer to be present for a hearing on April 6, 2010. The Company vide its letter dated April 6, 2010 sought adjournment of the hearing and requested another date of hearing. The Company vide its letters dated April 15, 2010 and April 23, 2010 filed part information in response to the Notice issued under section 142(1)/143(2) of the Income Tax Act, 1961 for the AY 2003-04 to AY 2008-09.

The Assessing Officer issued a Notice dated June 18, 2010 under section 142(1) to the Company amongst others for the AY 2009-10 requiring it to prepare the return of income and to produce the information so prescribed in the Notice before him on June 28, 2010. Further the Assessing Officer issued another Notice dated June 21, 2010 under section 143(2) for the AY 2009-10, sought information in respect to the return of Income filed and directed to produce the same during the hearing granted before him on June 28, 2010. In response, the Company vide its letter dated June 28, 2010 sought extension of time to file the information sought and requested for another date of hearing.

The Assessing Officer issued a letter dated on July 7, 2010 to the Company amongst others. The Company has received the letter only on July 9, 2010. Vide the said letter the Assessing Officer has sought explanation for the loose papers/other incriminating material found & ceased /impounded during the search/survey carried on February 9, 2009. Further, the letter requires the Company to submit the explanations sought within 7 days of the receipt of the said letter failing which the assessment would be completed based on the material available on record.

The search & seizure proceedings initiated against 26 persons include the Company as well. The said 26 entities also include certain promoters and group entities of the Company. As informed by the Company, the assessment proceedings for the respective assessment years are in progress, however the tax liability if any,



which may arise on this account, is presently unascertainable. The same is also confirmed by the certificate issued by M/s Lukad & Jain, Chartered Accountants.

Further, out of the said 26 entities, the following entities form part of the promoters and group entities of the Company:

- (i) Prakash C Kanugo ¹
- (ii) Ashok M Seth ²
- (iii) Sunrise Metal Industries
- (iv) Chandan & Kanugo Land Developers
- (v) Prakash C Kanugo, HUF ²
- (vi) Ashok M Seth, HUF
- (vii) Mafatlal Seth ²
- (viii) Mafatlal Seth, HUF ¹
- (ix) Prakash Steel
- (x) Seth Steelage Pvt. Ltd.
- (xi) Seth Carbon & Alloy Pvt. Ltd. ²
- (xii) Seth Iron & Steel Pvt. Ltd. ²
- (xiii) AMS Trading & Investment Pvt. Ltd. ²
- (xiv) Prakash Stainless Pvt. Ltd. ²
- (xv) Prakash & Daga Infra-Projects Pvt. Ltd. ²

¹ In respect to these two entities viz. Prakash C Kanugo and Mafatlal Seth, HUF, the Income Tax Department has issued separate but similar Notices dated March 25, 2010 under section 274 read with Section 271(1)(b) of the Income Tax Act, 1961 for the AY 2003-04 to AY 2008-09 wherein inter-alia the Noticee has been directed to appear before the Assessing Officer on April 5, 2010 and to show cause why an order imposing a penalty under section 271 of the Income Tax Act, 1961 should not be made against the Noticee inter-alia for non-compliance of the Notice under section 142(1)/143(2). Subsequently, the entities filed their separate replies on April 5, 2010 wherein inter-alia they have denied any non-compliance warranting a penalty under section 271(1)(b) of the Income Tax Act, 1961 and requested that the Assessing Officer drop the said penalty proceedings. Subsequently, the Assessing Officer passed identical Orders dated April 15, 2010 ("**Penalty Order**") for each of the two entities for the AY 2003-04 to AY 2008-09 levying a penalty of Rs. 10,000/- under section 271(1)(b) for non compliance of the notices under section 142(1)/143(2) of the Income Tax Act, 1961 issued for each of the Assessment Years. The penalty for each entity for the said Assessment Years totals to Rs. 60,000/-. The said two entities through separate letters dated May 11, 2010, informed the Assessing Officer that in respect to the Penalty Order no notice of demand for the penalty amount has been served upon them. Subsequently, on May 14, 2010 the said two entities filed their respective Appeal against the Penalty Order before the Commissioner of Income Tax (Appeals) - 37. The matter is pending before the CIT (A).

² In respect to these entities the Income Tax Department has issued separate but similar Notices dated March 25, 2010 under section 274 read with Section 271(1)(b) of the Income Tax Act, 1961 for the AY 2003-04 to AY 2008-09 wherein inter-alia the Noticee has been directed to appear before the Assessing Officer on April 5, 2010 and to show cause why an order imposing a penalty under section 271 of the Income Tax Act, 1961 should not be made against the Noticee inter-alia for non-compliance of the Notice under section 142(1)/143(2). Subsequently, the entities filed their separate replies on April 5, 2010 wherein inter-alia they have denied any non-compliance warranting a penalty under section 271(1)(b) of the Income Tax Act, 1961 and requested that the Assessing Officer drop the said penalty proceedings.



MATERIAL DEVELOPMENTS

Significant development since the last audited Balance Sheet as on March 31, 2010 till the date of Prospectus

No circumstances have arisen since the date of last financial statement until the date of filing of this Prospectus with ROC, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.



GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by us to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

We require various approvals to carry on its business in India. It has received the following Government approvals/licenses/permissions:

1. Certificate of Incorporation No. 11- 61595 dated 9th May 1991 issued by the Registrar of Companies, Mumbai in the name of Prakash Steelage Private Limited.
2. Fresh Certificate of Incorporation dated 12th August 1997 issued by the Registrar of Company, Maharashtra consequent to the conversion of the Company into a public company.
3. The Corporate Identity Number of the Company issued by the Registrar of Companies, Mumbai is U27106MH1991PTC.
4. Permanent Account Number AAACP6673K issued by the Income-Tax Department.
5. Tax Deduction Account Number MUMPO7782F issued by the Income Tax Officer (TDS).
6. Grant of the Provident Fund Registration Number MH49659/PF/ENF/III/ 03D/145/52/22/5/2008 under Section 2A of the Employees' Provident Funds and Miscellaneous Provision Act, 1952 by Employees' Provident Fund Organization, Ministry of Labour, Government of India, Asst. P.F. Commissioner (Com-III) Mumbai.
7. Certificate of Importer-Exporter Code dated 1st April 1993. IEC Number being 0393041034 granted by the Ministry of Commerce and Industry.
8. Certificate of recognition as a Star Export House dated 3rd March 2010. The status holder Number being 03/15/B-0757/100303 granted by the office of the Zonal Joint Director General of Foreign Trade under the Ministry of Commerce and Industry, Government of India.
9. Certificate Issued By Ministry of Commerce & Industry, Secretariat for Industrial Assistance, Public Relation & Complaints Section for Acknowledgment date 30th July 2008 for the manufacture of the following:

Umbergaon Unit

Sr. No.	Product Name	SIA REF NO. AND DATE
1.	S.S. SEAMLESS PIPE	2418/SIA /IMO/2008, DATED 30/07/2008
2.	S.S. SEAMLESS TUBE	
3.	S.S. WELDED PIPES	
4.	S.S. WELDED TUBES	

Silvassa Unit

Sr. No.	Product Name	SIA REF NO. AND DATE
1.	S.S. SEAMLESS PIPE	2419/SIA/IMO/2008, DATED 30/07/2008
2.	S.S. SEAMLESS TUBE	
3.	S.S. WELDED PIPES	
4.	S.S. WELDED TUBES	

10. Factory License:

Sr. No.	Location	Factory License Number and Date	Issued By
1.	Survey no. 131/1, Sanjan Road, Umbergaon, Valsad, Gujarat	27108/936-/2(M)(i) dated 19/07/2007, renewed on 06/02/2009	Chief Inspector of Factories, Gujarat State
2.	Survey no. 46/1, village Kherdi Silvassa	501 24/02/2010	Chief Inspector of Factories & Boilers Administration of Dadra & Nagar Haveli, Silvassa

11. Central Excise Registration:

Sr. No.	Location	Excise Registration Number and Date	Issued By
1.	Mumbai	AAACP6673KXD001 January 4, 2002	-
2.	Survey No. 138/4, 131/1, 138/3/P-2 & 138/3/P-4, Sanjan Road, Umbergaon, Valsad, Gujarat	AAACP6673KXM002 August 31, 2006	Deputy Commissioner of Central Excise
3.	Survey No. 46/1, Parjai Road, Silvassa Village Kherdi SILVASSA	AAACP6673KXM001 January 4, 2002	Superintendent, Central Excise

12. The Office of the Director of Boilers, Gujarat State has vide its letter Tech/16506/2008 dated May 5, 2008 granted the Company, permission for two years to carry the manufacturing of stainless steel seamless & welded piped and tubes under the IBR inspection subject to the conditions stated therein.

13. Consent No. GPCB/CE/NOC/VSD-3089/24433 granted by the Gujarat Pollution Control Board to operate the factory situated at Plot No. 131/1 Umbergaon, Sanjan Road, Gujarat. Consent valid upto August 13, 2010.

14. Consent No. PCC/DDD/O-1345/KD/WA/99-00/893 issued under the Water Act and PCC/DDD/O-1345/KD/WA/99-00/894 issued under the Air Act granted by the Member Secretary Pollution Control Committee Regional Office, DD & DNH Silvassa Pollution Control Board to operate the factory situated at, Survey No. 46/1 Parjai Road, Village Kherdi, Silvassa. Consent was valid upto January 31, 2013.



15. Service Tax Registration

Sr. No.	Location	Service Tax Code and Date	Issued By
1.	701/702, Mahalaxmi Chambers Bhulabhai Desai Road, Mumbai- 400 026	ST/MUMBAI/ISD/DN- II/182/2005 DATED 21/02/2005	Superintendent Service Tax, Division I/II, Mumbai
2.	701/702, Mahalaxmi Chambers Bhulabhai Desai Road, Mumbai- 400 026	GIR/MumI/880 24/02/2005	Assistant Commissioner Central Excise Service Tax Cell Mumbai-I
3.	Survey No. 131/1. 138/4, 138/3/P-2 & 138/3/P-4 Sanjan Road, Umbergaon	AAACP6673KST002 01/09/2006	Deputy Commissioner of Central Excise & Customs, Division - Vapi
4.	46/1, Parjai Road, Kherdi, Silvassa 396230	AAACP6673KSD004 15/03/2010	Superintendent, Central Excise & Customs, Range V, Silvassa

16. Tax Payer Identification Number (TIN) (Central):

- i. Mumbai - Tax Payer Identification Number (TIN) (Central) No. MUMBAI (HO) -27180000916C granted by Registration Officer, Sales Tax Department, Maharashtra authority under the Central Sales Tax (Registration & Turnover) Rules, 1957 effective from APRIL 1, 2006 valid until cancelled.
- ii. Silvassa - Tax Payer Identification Number (TIN) (Central) No. 26000001898 granted by Sales Tax Officer Dadra & Nagar Haveli authority under the Central Sales Tax (Registration & Turnover) Rules, 1957 effective from June 11, 1996.until cancelled.
- iii. Umbergaon - Tax Payer Identification Number (TIN) (central) no. 24250502036 granted by the Asst. Commissioner of Commercial Tax unit -2, Nagarseth Chamber, Koparil Road, GIDC Vapi, Gujarat 396195 authority under the Central Sales Tax (Registration & Turnover) Rules, 1957 effective from May 12, 2005. Valid until cancelled.

17. Value Added Tax registration No.:

- i. Mumbai : VAT No. 27180000916V, with effect from April 1, 2006
- ii. Umbergaon: VAT No. 24750502036, with effect from May 12, 2006
- iii. Silvassa: Exempt from VAT

18. Registration No. "27180000916P" granted under Professions Tax Act 1975 issued by Asst. Commissioner Sales Tax Department, Mumbai. Under the statute, the registration granted under 'Professional Tax Act' is valid until cancelled.

19. Registration No. "PR - 2505000077" granted under the Gujarat State Tax on Profession, Trades, Callings and Employments Act, 1976 effective from 01-09-2006. Valid until cancelled.

20. Licence granted to the Company under Section 12 (2) of the Contract Labour (Regulation and Abolition) Act, 1970 to employ contract labour:

- i. Umbergaon: License No. ACL/VAL/CLL 1 28/2008 issued by the Licensing Officer, Contract Labour (Regulation and Abolition) Act, 1970, Valsad, dated May 22, 2005. The License was valid



- until May 30, 2010. The Company that vide its letter dated July 1, 2010, it has applied for a fresh license to the said authority and the same is pending approval.
- ii. Silvassa: On March 16, 2010, the Company has filed an application for licence under the Contract Labour (Regulation and Abolition) Act, 1970.
21. Registration No. "760030290/COMMERCIAL II Ward D" under the Bombay Shops and Establishments Act, 1948 valid until December 31, 2010.
22. Sanction for Power Connections:

Sr. No.	Location	Connected Load (KW)	Contract Demand (KVA)
1.	S. No. 131/1, Sanjan Road, Umbergaon	1100 KVA	1100 KVA
2.	Silvassa	400 KVA	400 KVA

23. The Company has obtained the Trade Mark Registration Provisional Registration No. 01844849 for its Brand Name "Prakash Steelage Ltd." from the Trade Marks Division Intellectual Property Bhavan, dated July 28, 2009.
24. The Company has obtained the Trade Mark Registration Provisional Registration No. 01844850 for its logo from the Trade Marks Division Intellectual Property Bhavan, dated July 28, 2009.
25. Certificate No. OHS-381 certifying Occupational Health and Safety Management System in compliance with standard BS OHSAS 18001:2007 of the Issuer Company with respect to the Umbergaon Unit for the manufacture of ERW Stainless Steel Tubes and Pipes, Seamless Stainless Steel Tubes and Pipes through Hot Piercing and Cold Drawing Process issued by RINA valid until 26-11-2012.
26. Certificate No. EMS-2816/S certifying the Environmental Management System is in compliance with ISO 14001:2004 of the Issuer Company with respect to the Umbergaon Unit for the manufacture of ERW Stainless Steel Tubes and Pipes, Seamless Stainless Steel Tubes and Pipes through Hot Piercing and Cold Drawing Process issued by RINA valid until 26-11-2012.
27. Certificate No. 17072/07/U certifying the Quality Management System is in compliance with ISO 9001:2008 of the Issuer Company with respect to the Umbergaon Unit for the manufacture and supply of Welded and Seamless Stainless Steel Tubes and Pipes by RINA valid until 13-11-2010.
28. Certificate No. 6495/02/U certifying the Quality Management System is in compliance with ISO 9001:2000 of the Issuer Company with respect to the Silvassa Unit for the manufacture of Stainless Steel Welded/Seamless Pipes and Tubes by RINA valid until 15-01-2011.
29. Certificate No. 01 202 IND/Q-07 0004 certifying Quality Management System in accordance to European Directive 97/23/EC with respect to the Umbergaon Unit for the production of Stainless Steel Seamless Tubes and Pipes by TUVCERT for pressure Equipment valid until April, 2011.



30. The Company is registered as a vendor with various Companies. The details are as under:

Sr. No.	Name of the Entity	Item Description
1.	Bharat Heavy Electricals Limited, Piping Center, Chennai	Stainless Steel Pipes (066 & 069)
2.	Bharat Heavy Electricals Limited, Heavy Power Equipment Plant, Hyderabad	Stainless Steel Tubes and Pipes (Welded)
3.	B. Mehtalia Consultants Private Limited	Stainless Steel Seamless & Welded Pipes & Tubes
4.	Hindustan Petroleum Corporation Limited	Pipes
5.	Hindustan Petroleum Corporation Limited	Exchanger Tubes, Seamless Pipe of Monel/Brass/SS/ Alloy Steel
6.	Mecon Limited	Stainless Steel Pipes & Tubes (welded & Seamless)
7.	National Federation of Co-operative Sugar Factories Limited	SS Tubes
8.	Projects and Development India Limited	SS Seamless/Welded Pipes and SS Seamless/Welded Tubes
9.	Chemtex India	SS Pipes and SS Tubes
10.	Bharat Heavy Plate & Vessels Limited	Pipes & Tubes
11.	Toyo Engineering India Limited	Seamless SS Pipes/Tubes and ERW SS Pipes
12.	UHDE India Private Limited	Welded Pipes, Seamless Pipes, Seamless Heat Exchanger Tubes, Welded Heat Exchanger Tubes, U Tubes for Heat Exchanger
13.	Engineers India Limited	Pipes/Tubes - SS

Intellectual Property

We have filed for the registration of following trade marks under the class 6 of the Trade Marks Act 1999. Details of the same are as follows:

Sr. No.	Application No.	Date of Application	Trade Mark Name	Class in respect of which application has been made
1.	1844849	28/07/2009	Logo of the Company	6
2.	1844850	28/07/2009	Name 'Prakash Steelage Limited'	6

The Company has informed that it has received a communication dated July 5, 2010 from the office of Registrar of Trade Marks, Mumbai informing the Company about the receipt of the following Notices of Opposition to the application filed by the Company for registration of mark "Prakash Steelage Limited" filed under Application No. 1638478 in class 6:

- c. Surya Roshni Limited, having its Registered Office at Prakash Nagar, Sankhol, Bahadurgarh 124 507 have filed their Notice of Opposition inter-alia stating that the words "Prakash" has been associated with Surya Roshni Limited and that there are registered or pending Trade Marks of similar and identical nature, description and classification belonging to Surya Roshini Limited;
- d. Prakash Industries Limited having its office at Business Park Building, 25, Najafgarh Road, New Delhi 110 015, have filed their Notice of Opposition inter-alia stating that since 1980 they have been using the trademark "Prakash" and Prakash Gold". Further it has been stated in the Notice of Opposition that "Prakash" is registered under the provisions of the Copyright Act, 1957 by Prakash Industries Limited.



On a perusal of Opposition filed on behalf of both the objectors it is found that the application number in respect of which the objection has been filed, does not tally with the application numbers provided by the Company at the time of preparation of our DD Report. While in one of the objections, date of the Trade Mark application by the Company has been given as January 7, 2008, in another objection the same has been mentioned as January 7, 2009. The Company has two months time from the date of receipt of Notice of Opposition to file its counter statement to the Opposition. If such counter statement is not received by the Registry within two months, the applicant (i.e. the Company) shall be deemed to have abandoned its application.

As informed by the Company, they could not trace the copy of the Trade Mark Application No. 1638478 filed earlier. As per the website of the Registrar of Trade Marks, the Application No. 1638478 was filed by the Company on January 7, 2008. The website also gives the names and addresses of three parties who were opposing the Application. The Examination Report dated September 30, 2008 published in the website mentions that the Trade Mark application is open to objection on relative grounds of refusal under Section 11 of the Act by reason of same/similar trade mark(s) which are already on record of the register for the same or similar goods/services. Further the Examination Report also sought the Company to submit its response within one month from the date of receipt of the Examination Report or the Company could apply for a personal hearing. The Report also states that in case there was no reply within the stipulated time, the Application filed by the Company would be treated to have been abandoned for lack of prosecution under Section 132 of the Trade Marks Act, 1999 and thereafter the status of application in the computer database of the Registrar shall reflect the factual position.

The Company is unable to trace the reply, if any filed in respect to the Examination Report. As per present status in the Computer database of the Registrar of Trade Marks, the said application has been categorized as "Opposed".



OTHER REGULATORY AND STATUTORY DISCLOSURES

A) AUTHORITY FOR THE PRESENT ISSUE

Our Board has, pursuant to resolution passed at its meeting held on 05/10/2009, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of our Company have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at an Extra Ordinary General Meeting held on 10/11/2009.

B) PROHIBITION BY SEBI, RBI OR GOVERNMENT AUTHORITIES

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

None of the Directors of the Company are associated with any entities which are engaged in securities market related business and are registered with SEBI.

C) Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(1) of the (Issue of Capital and Disclosure Requirements), as explained under:

- Prakash Steelage Limited has a net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Prakash Steelage Limited has a pre-Issue net worth of at least Rs. 1 crore in each of the three preceding full years (of 12 months each);
- Prakash Steelage Limited has a track record of distributable profits as per Section 205 of Companies Act, 1956, for at least three out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2009;
- Prakash Steelage Limited has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the restated financial statements are as under:

(In Rs. lacs)

Particulars	For the Financial Year Ended March 31				
	2010	2009	2008	2007	2006
Distributable Profits(1)	2768.39	1303.36	904.38	298.69	114.66
Net Worth (2)	5087.63	3509.32	2389.52	1020.59	332.49
Net Tangible Assets (3)	5087.63	3509.32	2389.52	1020.59	332.49
Monetary Assets(4)	946.28	491.72	272.95	337.63	130.28
Monetary Assets as a % of Net Tangible Assets	18.60	14.01	11.42	33.08	39.18

**Note:**

- (1) *Distributable profits have been defined in terms of section 205 of the Companies Act.*
- (2) *Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.*
- (3) *Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.*
- (4) *Monetary assets comprise of cash and bank balances, public deposit account with the Government.*

The Company satisfies all the eligibility criterias, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulation. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

The promoters, the company, directors of Prakash Steelage Limited are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoters and companies promoted their directors.

Prakash Steelage Limited undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

D) DISCLAIMER CLAUSE (SEBI)

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 25/03/2010 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION, 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 MATERIAL 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, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE 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 OURSELVES, 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 OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING 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 SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS'**



CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE

- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:
 - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND 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 OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR 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 LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The promoter / director of Prakash Steelage Limited, Mr. Prakash C. Kanugo, Mr. Ashok M. Seth, Mr. Himanshu J. Thaker, Dr. Bipin C. Doshi, Mr. Hemant P. Kanugo, Mr. Kamal P. Kanugo, Mr. Mrinmoy Roy and Mr. Gautam Chand Jain confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

E) CAUTION - DISCLAIMER STATEMENT FROM THE COMPANY AND THE BRLM

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.prakashsteelage.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 20/03/2010 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

F) DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.



No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the DRHP was filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE):

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter dated May 05, 2010, 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 Exchange; 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 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 the NSE

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/138776-R May 28, 2010 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 scrutinised this 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.”



Disclaimer Clause of Credit Analysis & Research Ltd. (CARE) IPO Grading Agency

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the “**CARE IPO Grade 2**” indicating Poor Fundamentals, through its letter dated July 12, 2010. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals.

Disclaimer clause: CARE’s IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE’s IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

H) FILING

A copy of this RHP has been filed with SEBI at Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Maharashtra, Mumbai.

I) LISTING

Applications will be made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the RHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

J) Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, Or**



- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLM and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

Khandelwal Jain & Co. and D.C. Bothra & Co., Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this Prospectus.

L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

M) EXPENSES OF THE ISSUE

The Management estimates an expense of Rs. 455.00 Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

<i>(Rs. in Lacs)</i>				
Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	226.00	49.67	3.29
2.	Advertising and Marketing Expenses	140.00	30.77	2.04
3.	Printing and Stationery	45.00	9.89	0.65
4.	Others (Registrar's Fee, Legal Fee, etc.)	44.00	9.67	0.64
	Total	455.00	100.00	6.62

N) DETAILS OF FEE PAYABLE

Book Running Lead Manager to the Issue

The total fees payable to the Book Running Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Lead Manager will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated 22/08/2009.



The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

O) UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 21 of this Prospectus.

P) PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad in the ten years preceding the date of this Prospectus.

Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

We have issued 32,34,000 equity shares of Rs. 10 each as bonus in the ratio of 14 shares for every 1 share on 15/02/2007 by capitalizing free reserves, other than this we have not issued any equity shares for consideration otherwise than for cash.

R) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

S) CAPITAL ISSUE DURING THE LAST THREE YEARS

Prakash Steelage Limited and its group companies have not made any capital issue during the last three years.

T) PROMISE VIS-A-VIS PERFORMANCE

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this Prospectus.

V) STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

W) INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The company has appointed the registrar to the issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant,



number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Bigshare Services Pvt. Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Sarika Singh, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Sarika Singh
 Company Secretary & Compliance Officer
Prakash Steelage Limited
 701, Mahalaxmi Chambers,
 Bhulabhai Desai Road, Mumbai- 400026;
Tel.: +91-022-2352 6513 /2352 6514 /6613 4500;
Fax : +91-022- 2352 6576
E-mail: cs@prakashsteelage.com.

X) CHANGES IN AUDITORS

The Company vide EoGM dated 18/03/2008 have appointed M/s Khandelwal Jain & Co., Chartered Accountants who shall be acting as the Joint Statutory Auditor of the Company along with M/s D.C. Bothra & Co., Chartered Accountants

Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

Our company has issued 32,34,000 Equity Shares in the ratio of 14 equity shares for every 1 equity share held (14:1), on 15/02/2007 by capitalizing reserves or profits.

Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets during the last 5 years.



SECTION VI - OFFERING INFORMATION

A) TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN 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, Government of India, the Stock Exchanges, the Reserve Bank of India, 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 rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. 100/- each and the Cap Price is Rs. 110/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers 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 company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 60 Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A



person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the 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 our Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies 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 form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

BIDDING/ISSUE PROGRAMME

BID/ ISSUE OPENED ON	FOR ALL BIDDERS	THURSDAY, AUGUST 05, 2010
	FOR QIB BIDDERS	MONDAY, AUGUST 09, 2010
BID/ ISSUE CLOSED ON	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)	TUESDAY, AUGUST 10, 2010

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Net Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

B. ISSUE STRUCTURE

Public Issue of 62,50,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs. 110.00 per Equity Share, aggregating Rs. 6875.00 Lacs (hereinafter referred to as the "Issue"). Up to 1,00,000 Equity Shares will be reserved in the Issue for subscription by Employees at the Issue Price and a Net Issue of 61,50,000 Equity Shares of Rs. 10/- each. The Issue would constitute 35.71% of the post Issue paid-up capital of the Company and the Net Issue will constitute 35.14% of the post Issue paid up capital of the Company. The Issue is being made through the 100% Book Building Process:

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 1,00,000 equity shares	Upto 30,75,000 Equity Shares will be allotted to QIBs.	Not less than 9,22,500 Equity Shares shall be available for allocation.	Not less than 21,52,500 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Upto 1.60% of the Issue size.	Upto 50% of the Net 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 Net Issue or Net Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (a) 1,53,750 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 29,21,250 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	60 Equity Shares and in multiples of 60 Equity Share thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 60 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 60 Equity Shares thereafter.	60 Equity Shares and in multiples of 60 Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder ***	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.100,000.

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible Employees of the Company	Public financial institutions specified in Section 4A of the Companies Act, FIs (and their subaccounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FVCIs registered with SEBI (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority), venture capital funds registered with the SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of GoI published in the Gazette of India and insurance funds set up and managed by the Army, Navy or Air Force of the Union of India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts, and any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual	Individuals (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs.100,000 in value.
Terms of Payment	Margin Amount applicable shall be payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate.



Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Margin Amount	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Regulations.

** 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.

*** If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.

If the aggregate demand by Mutual Funds is less than 1,53,750 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of this Issue

The 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 the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bidding/Issue Programme

BID/ ISSUE OPENED ON	FOR ALL BIDDERS	THURSDAY, AUGUST 05, 2010
	FOR QIB BIDDERS	MONDAY, AUGUST 09, 2010
BID/ ISSUE CLOSED ON	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)	TUESDAY, AUGUST 10, 2010

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 **except that on the Bid 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. 1,00,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid 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, the Company and the Syndicate shall not be responsible. Bids will be accepted only between Monday and Friday (excluding any public holiday).



On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and Eligible Employees, 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 Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserve the right to revise the Price Band during the Bidding Period in accordance with ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. 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 originally disclosed in the RHP and the Cap Price will be revised accordingly.

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



C) 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 upto 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. 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. Further up to 1,00,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts 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 on the dematerialised segment of the Stock Exchanges.

BID CUM APPLICATION FORM

Bidders (other than ASBA 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. The 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 as multiple Bids. ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. ASBA Bid cum application forms will be available for download and printing, from websites of the Stock Exchanges which provide electronic interface for ASBA facility i.e. Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). 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 or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
Eligible employees applying in the Employee Reservation Portion	Pink
ASBA Form	ASBA - White

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking the funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. The Bidders shall have the option to make a maximum of three Bids in the ASBA Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bidcum- Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

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 authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI,
- Multilateral and Bilateral development financial institutions
- State Industrial Development Corporations;



- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Eligible Employees (as defined in the section “Definitions and Abbreviations” beginning on page ii of the Prospectus.)

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Eligible Employees

Reservation to Eligible employees has been provided in this issue, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009. Eligible Employee shall mean a permanent and full-time employee or a Director of the Company as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid-cum-Application Form. They do not include employees of the Promoter Group Companies. Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made in the prescribed Bid-cum-Application Form or Revision Form or ASBA form.
- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/First Bidder should be Eligible Employees as defined above. 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 in the same sequence in which they appear in the Bid-cum- Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at the Cut-Off Price. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.



- If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,53,750 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds 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 current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

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 happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.



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, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by Sebi Registered Venture Capital Funds And Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for Sebi registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the 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 60 Equity Shares and in multiples of 60 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to 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 such that the Bid Amount exceeds Rs.100,000 and in multiples of 60 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in 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 allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.



- c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter. Eligible Employees, whose Bid Amount does not exceed Rs.100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds Rs.100,000/- may not Bid at Cut-off Price. A single applicant applying under the Employee Reservation portion may make an application for a number of specified securities which exceeds the reservation i.e; 1,00,000 equity shares. However, allocation shall be made on a proportionate basis provided that the value of allotment to any employee in pursuance of the employee reservation, shall not exceed Rs. 1,00,000.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Information for the Bidders:

- (a) Our Company in consultation with 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 (2) national newspaper one(1) each in English and Hindi newspaper and one regional newspaper with wide circulation
- (b) Bidding by QIBs will close one Working Day prior to the Bid Closing Date, provided that Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders.
- (c) Our Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.
- (d) The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of the potential investor's, copies of the Red Herring Prospectus.
- (e) 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 or from any member of the Syndicate or the SCSBs.
- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorized 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.
- (g) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
- (h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- (i) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

The applicants 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 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.



Method and Process of Bidding

- (a) Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period may be 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 regional newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.
- (c) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate 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.
- (d) 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.
- (e) 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 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 entitled – “Build up of the Book and Revision of Bids”.
- (f) 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.
- (g) 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 228.
- (h) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- (i) 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.
- (j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form 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.

- (k) 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 Bid cum Application 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

1. The Bidder 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 applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 and Bidders in the Employee Reservation Portion may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders or Bidders in the Employee Reservation Portion bidding in excess of Rs. 100,000 and such bids shall be rejected.
2. Retail Individual Bidders and Bidders in Employee Reservation Portion who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders in Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in Employee Reservation Portion who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Bidders in Employee Reservation portion who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion 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.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 60 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
6. Revision option is also available to ASBA investor. For details, please refer section "ASBA Process" in this Prospectus.



7. During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
8. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
9. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
10. 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.
11. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

Electronic Registration of Bids

- (a) The Syndicate and 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 Closing Date.
- (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, QIBs, Eligible NRI, FVCI, FII & sub-account registered with SEBI (*other than a sub-account which is a foreign corporate or foreign individual*) or Mutual Fund, etc.
 - 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

- Employee/shareholder (if reservation);
- DP ID and client identification number;
- Beneficiary account number of Equity Shares Bid for;
- Quantity;
- Bid Amount and
- Bank account number;



- (g) 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 Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Syndicate or our Company.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (i) In case of QIB Bidders, only the BRLM and their Affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall 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, Retail Individual Bidders and Eligible Employees, Bids will be rejected on technical grounds listed on page 231. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges; 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, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

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' mainframe 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.
- (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 and Eligible Employees 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. 100,000 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. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 and Eligible Employees, 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.
- (j) 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

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be upto 50% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Net Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than 1,53,750 Equity Shares, the balance Equity Shares available for allocation in



the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLM and the Designated Stock Exchange. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.

Under-subscription, if any, in any category, would be met with spill over from other categories at our sole discretion in consultation with the BRLM.

5. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. The allotment details shall be put 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. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by the Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.



- (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.
- (c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares 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 ten (10) 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 Bid cum Application 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 Bid cum Application 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 Bid cum Application 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;
- k) 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 stock invest;
- 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. 100,000);
- g) Do not Bid for a Bid Amount exceeding Rs. 100,000 (for Bids by Retail Individual Bidders and Eligible Employees 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 60 Equity Shares and in multiples of 60 thereafter subject to a maximum Bid Amount of Rs. 100,000.
- 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. 100,000 and in multiples of 60 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).
- g) 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. 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 DEMATERIALISED 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/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder 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 the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

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 identity, then such Bids are liable to be rejected.



Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate 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.

Bids under Power of Attorney

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 and Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM 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 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 Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application 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: "Escrow Account - PSL - QIB - R"
 - (b) In case of Non-Resident QIB Bidders: "Escrow Account - PSL - QIB - NR"
 - (c) In case of Resident Retail and Non-Institutional Bidders: "Escrow Account - PSL - R"
 - (d) In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account - PSL - NR"
 - (e) In case of Eligible Employees: "Escrow Account - EMP - PSL - R"
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.
5. 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.
6. 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.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. 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.
9. On the Designated Date and no later than ten (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.
10. 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/ stock invest/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 Bid cum Application 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 refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication 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). Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

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 to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The applications will be electronically matched for Depository Participant's Identity (DP ID) (Client ID) numbers. If applications bear the same numbers, these will be treated as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by employees under both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

Our Company, in consultation with the BRLM reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered**



incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number (“UIN”)

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN’s in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Our Right to Reject 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.

GROUNDINGS 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 Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- Bank account details (for refund) not given;
- Age of first Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN 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;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of 60;
- Category not ticked;



- Multiple Bids as defined in the 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 Stock invest/money order/postal order/cash;
- Signature of sole and/or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members 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 Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application 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 OCBs;
- Bids by persons in the United States excluding —qualified institutional buyers as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any 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 Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated 08/12/2009 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 18/12/2009 with CDSL, the Company and the Registrar to the Issue.

The ISIN number allotted to the Company is INE696K01016.

All bidders can seek Allotment only in dematerialized 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 Participant 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 or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar 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 despatch 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, 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 68 centres notified by SEBI, where clearing houses for ECS are managed by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through NECS is mandatory for applicants having a bank account at any of the sixty eight (68) centres notified by SEBI, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
2. **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.
3. **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.
4. **RTGS** - Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the 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.
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 Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within ten (10) working 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 after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within ten (10) Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within ten (10) Working Days of the Bid 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 twelve (12) Working Days of the Bid Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within nine Working Days of the Bid Closing Date;
- 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 ten (10) Working Days of the Bid 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 ten days from the Bid Closing Date; and
- Our Company shall pay interest at 15% p.a. for any delay beyond the ten (10) Working Days' time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay (i.e. ten (10) Working Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than ten Working Days of the Bid 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 dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 10 Working Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest as prescribed under Section 73 of the Companies Act.



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.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*
- (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 Net 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 21,52,500 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 21,52,500 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 60 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 9,22,500 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 9,22,500 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 60 Equity Shares. 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 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 Mutual Fund Bids 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 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 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 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 be upto 30,75,000 Equity Shares.

D. Employee Reservation Portion

- The allotment procedure and basis of allotment shall be on the basis of Regulation 50 of SEBI (ICDR) Regulations, 2009.
- Only Eligible Employees are eligible to apply under the Employee Reservation Portion
- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed Rs. 1,00,000/-.
- If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 1,00,000 Equity Shares up to a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter. Only



Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate allocation, refer below.

Under-subscription, if any, in any category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate or SCSBs will accept bids for the Equity Shares during the Bidding/Issue Period. Following the expiration of the Bidding/Issue Period, our Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE. The SEBI (ICDR) Regulations require our Company to complete the Allotment to successful Bidders within ten (10) working days of the expiration of the Bidding / Issue period. The equity shares will be then be credited and Allotted to the investors' Demat Accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner in accordance with the allotment procedure specified Schedule XV of SEBI (ICDR) Regulations 2009.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (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.
- (d) In all Bids where the proportionate Allotment is less than 60 Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 60 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 60 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity



Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Bidders residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only, except where the Bidder 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, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 Working Days of the Bid Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them of the mode of credit of refund within 10 Working Days of the Bid Closing Date.

In case of ASBA Bidders, the Registrar to the Issue 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 Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

UNDERTAKINGS BY THE COMPANY

We undertake that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within twelve working days from the closure of the issue
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the captioned Public Issue.
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 10 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund.
- The promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro-rata basis before the calls are made on public.
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the



specified time.

- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc
- That at any given time there shall be only one denomination for the shares of the company,
- That the company shall comply with such disclosure and accounting norms specified by the Board (SEBI) from time to time and
- That the 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.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and
- (c) details of all unutilised monies out of the issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received under the Employee Reservation shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received under Employee Reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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 of the Government, 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 and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be



issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of our company.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the 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.



SECTION VII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

CAPITAL

3. * (a) The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each. The company has power from time to time increase or reduce its capital and to divide the shares in the Capital for the time being in several classes and to attach there to respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by regulations of the Company and consolidate or subdivide the shares and issue shares of higher or lower denominations.

(* Altered amended vide special resolution passed by the shareholders of the Company at their Extra Ordinary General Meeting held on 7th January, 2008)

Commencement of Business

(b) The business of the Company may be commenced as soon after the incorporation of the Company as the directors shall think fit and notwithstanding that only parts of the shares have been allotted.

Unclassified Shares

4. Any unclassified shares of the Company for the time being (whether forming part of the original Capital or of any increased Capital of the Company) may be issued either with the sanction of the Company in General Meeting or by the Board with such rights and privileges annexed thereto and upon such terms and conditions as the General Meeting sanctioning the issue of such shares may direct, and if no such directions shall be given and in all other cases as the Directors shall determine and in particulars, such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the Company, and any preference shares may be issued on the terms that are or at the option of Company are liable to be redeemed.

5. The Company shall be entitled to dematerialise its existing securities rematerialise its securities held in the Depositories and/or to offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and rules, if any, framed thereunder.

New Capital same as existing Capital

6. Except in so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares, shall be considered as part of the 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.

BUY-BACK OF SHARES / SECURITIES

Buy-back of shares/ securities

10. (1) The Company shall have the power to buy its own shares, subject to all applicable provisions of the law including modification(s), re-enactment(s) or promulgation of an ordinance and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered by the Board of Directors of the Company and subject to such conditions and modification as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to purchase such number of equity shares or other securities specified by the government of the Company and as may be thought fit by the Board, from the holders of the Equity Shares or other securities in such proportions and manner as may be permitted by law, not exceeding such percentage of the capital



of the Company as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the company, on such terms and subject to such conditions as may be prescribed by the law and/or re-sell/re-issue the same in such manner or mode as may be permitted by law and on such terms and conditions and limits as may be prescribed by law from time to time.

(2) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loans, guarantee, the provisions of securities or otherwise any financial assistance for the purchase of, or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.

(3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under these Articles or under Section to or other relevant provisions (if any) of the Act.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Increase of Capital by the Company and how carried out into effect

11. The Company may from the time to time by ordinary resolution in General Meeting increase its Share Capital by the creation and issue of new shares of such amount as it thinks expedient, subject to the provisions of the Act, the new shares 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 such direction be given, as the Board shall determine, such shares may be issued with a preferential or qualified right as to dividend, and in the the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the Captial of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.

Reduction of Capital

12. The Company may, subject to the provisions of Section 78, 80, 100 to 104 (both inclusive) of the Act, from time to time by Special Resolution reduce its Share Capital and any Capital Redemption Reserve Account or other Premium Account in any manner for the time being authorised by law and in particular may pay off any paid-up Share Capital upon the footing that it may be called up again or otherwise and may, if an so far as is necessary alter its Memorandum by reducing the amount of its Share Capital and of its shares accordingly. This Article is not to derogate from any power the Company would have if it were omitted.

Consolidation division and sub-division

13. Subject to te provisions of Section 94 of the Act, the Company may in the General Meeting after the conditions of its Memorandum as follows :

- (a) Consolidate and divide all or any of the Capital into shares of larger amounts than its existing shares.
- (b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum. So however, that in the sub-division the proportion between the amounts paid and the amounts, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share id derived.
- (c) Cancel shares which at the date of such General Meeting have not been taken by any person and diminish the amount of its Capital by the amount of the shares so cancelled.14.



Issue of further shares not to affect rights of shares already issued

14. The rights conferred upon the holders of shares of any class issued with preferred or other rights shall not, unless otherwise, expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

MODIFICATION OF RIGHTS

Rights attached to any Class of shares may be varied

15 (i) If at any time the Capital is divided into different classes, the rights and privileges attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, abrogated or varied (whether or not the Company is being wound up) with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting for the holders of shares of that class and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting.

Power to issue Shares with Non-voting and/or dis- proportionate rights

15 (ii) Notwithstanding anything contained in any other Articles, but subject to the provisions of the Companies Act, 1956 or any statutory, modification or re-enactment thereof, the Company may from time to time and at any time issue to any person(s) as it may deem proper shares, whether equity, preference or any other class, or any other financial instruments or Securities, by whatever name called, with non-voting rights and the shares/instruments/securities so issued may carry right as to voting, dividend, capital or otherwise which may be disproportionate to the rights Restriction on allotment attached to the other shares of Securities of the Company.

16. The Board shall observe the restrictions as to allotment contained in Sections 69 and 70 of the Act, as the case may be, and shall cause to be filed the returns as to allotment according to Section 75 of the Act.

SHARES

Dematerialisation of Securities

17. (a) Dematerialization / Rematerialization of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.

Intimation to Depository

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the Details of allotment of securities to Depository immediately on allotment of such securities.

Options for Investors

Every person subscribing to securities offered by the company shall have the option to receive security certificated or to hold the securities with a depository, such a person who is the beneficial owner of the securities can opt out of depository, if permitted by law, in respect of any security in the manner provided by the Depository Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.



If a person opts to hold his security with a depository, the company shall intimate such depository; the details of allotment of the security, and on receipt of information, the depository shall enter in the records, the name of the allottee as the beneficial owner of the securities.

Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialized and shall be in fungible form. No certificate shall be issued for the securities held by the depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Transfer of Securities

Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both the whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt within a Depository

Notwithstanding anything contained in the Act, or these Articles, where a depository deals within or the securities, the Company shall intimate the details of allotment of relevant securities to the depository immediately on allotment of such securities.

Distinctive Nos. of Securities held in a Depository

Notwithstanding in the Act, or these Articles regarding the necessity of having distinctive number of securities issued by the company shall not apply to securities held with a depository.

Register and Index of beneficial owners

The Register and index of beneficial owner maintained by Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purpose of these Articles.

Right of Depositories and beneficial owners

- (a) Notwithstanding anything contained in the Provisions of the Companies Act, 1956 and these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner
- (b) Save as the otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities, which are held by the depository.

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 time to time exceeds the amount of the calls then made upon the share 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 not be entitled to any voting rights in respect of the moneys so paid by him until the same would but such payment become presently payable.

The provision of these Articles shall mutatis mutandis apply to the call on debentures of the company.

SWEAT EQUITY

19. Subject to the provisions of the Section 79A of the Act (including any statutory modification or re-enactment thereof, for the time being in the force) and applicable guidelines issued by SEBI, shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know how to the Company or creat in intellectual property right or other value addition.

Shares under the Control of the Directors

20. Subject to the provisions of the Act and of these Articles, the shares in the Capital of the Company for the time being (including any share forming part of any increased Capital of the Company) shall be under the control of the Directors who may allot or otherwise dispose of the same or any of them to such persons and on such terms and conditions and either at premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at discount and at such time as they may from time to time think fit and proper, and with full power to give any person the option to be allotted shares of the Company either at par or at premium or subject as aforesaid, at discount, such option being exercisable at such times and for such consideration as the Directors think fit.

Provided that option or right to call of shares not be given to any person or persons without the sanction of the Company in General Meeting.

Further issue of Capital

- 21.(a) Where it 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, then such further shares shall be offered to the persons who, at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances, admit, to the capital paid up on those shares at that date. 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. The offer aforesaid shall be deemed to include a right exercisable by the persons concerned to renounce the shares offered to them in favour of any other person. 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 the declines to accept the shares offered, the Board may dispose of them in such manner as they think more beneficial to the Company.
- (b) Notwithstanding anything contained in subclause (a) above the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub-clause (a) above 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 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 so to do, vote in person or where proxies are allowed, by proxy, exceeds 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.

- (c) Notwithstanding anything contained in sub clause (a) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the Debentures issued or loans raised by the Company to convert such Debentures or loans into Shares, or 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;

- (a) either has been approved by the central government before the Issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by the, government in this behalf and;
- (b) in the case of debentures or loans or other than debentures issued to or loans obtained from government or any institution specified by the central government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

SHARE WARRANTS

Share Warrants

22. The Company may issue share warrants subject to, and in accordance with, the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the person registered as holder of the share, from time to time, require as to identity of the person signing the application, on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
23. The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting, held after the expiry of two clear days from the time of deposits, as if his name was inserted in the Register of Members as the holder of the share including in the deposited warrant.
24. Not more than one person shall be recognised as depositor of the share warrant.
25. The Company shall, on two days written notice, return the deposited share warrant to the depositor.
26. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named In the Register of Members as the holder of the share Included in th warrant and he shall be a member of the Company.
27. (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called



“Share Premium Account” and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.

- (2) The securities premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company.
- (a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.
- (b) in writing off the preliminary expenses of the Company.
- (C) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or Debentures of the Company; or
- (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any Debentures of the Company.

REGISTER OF MEMBERS

Register and Index of Members

36. The Company shall cause to be kept Register of Members in accordance with Section 150 of the Act, and the Depositories Act, 1996 with details of Shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register of -Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register of Members for the purpose of this Act.

Branch Register of Members

37. 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.

SHARE CERTIFICATE(S)

Share Certificates

- 38.(a) Every Member or allottee of Shares shall be entitled, without payment, to receive one certificate or more certificates in marketable lots, specifying the name of the Person in whose favour it is issued, the Shares to which it relates and the amount paid up thereon. Provided however, no share certificates shall be issued for shares held in a Depository. Such certificate shall be issued only in pursuance of resolution passed by the Board and on surrender to the Company or its letter of allotment or its fractional coupons of requisite value, save in case of issue against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Every such certificate 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 Board may approve and shall be issued under the seal of the Company which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the secretary or some other person appointed by the Board for the purpose, and two Directors or their attorney and the Secretary or other person shall sign the share certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a managing or a whole-time Director. Particulars of every share certificate issued shall be entered into the Register of members against the name of the Person to whom it has been issued, indicating the date of issue.
- (b) Any two or more joint allottees of a Share shall, for the purpose of this Articles, be treated as a single Member and the certificate of any Share, which may be the subject to joint ownership, may be delivered to any one of



such joint owners on behalf of all of them and delivery of a share certificate to one of such joint holders shall be sufficient delivery to all such holders. For any further certificates the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee one.

- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as, engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Limitation of time for issue of share certificate

39. The Company shall within three months after the allotment of any of its Shares or Debentures and within one month after the application for the registration of the transfer, transmission, subdivision, consolidation or renewal of any such shares or debenture complete and have ready for delivery the certificate of all Shares and Debentures allotted or transferred, unless the conditions of issue of the Shares or Debentures otherwise provide and the Company shall otherwise comply with the requirements of Section 113 and other applicable provisions (if any) of the Act.

Renewal of share certificates

40. (a) 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 certificates under the article shall be issued without payment of the 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 fees 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 thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.
- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of shares certificate No..... Sub-divided/replaced/on consolidation of shares".
- (c) If a Share certificate is lost or destroyed a new share certificate In lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupees two as the Board may from' time to time fix, and on such terms, if any, as to evidence, and indemnity as to payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
- (d) When a new share certificate has been issued in pursuance of clause (C) of this Article, it shall state on the face of it and against the stub or counterfeit to the effect that it is "duplicate issued in lieu of share certificate No". The word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate.
- (e) Where a new share certificate has been Issued in pursuance of clause (c) o this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross-references in the Remarks" column.



- (f) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other Person as the Board may appoint for the purpose; and the Secretary or the other Person aforesaid shall be responsible for rendering and account of these forms to the Board.
- (g) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificate except the blank forms of share certificates referred to in clause (f) above.
- (h) All books referred to in clause(g) above shall be preserved in good order permanently.

The first named joint holder deemed to be sole holder

41. If any Share stands in the name of two or more Persons, the person first names in the Register of Members, shall as regards receipt of dividends or bonus or services of notice and/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 these articles.

Who may hold shares

42. Shares may registered in the name of an incorporated company or other body corporate or fully paid up shares in the name of minor but not in the name of a person of unsound mind or in the name of any firm or partnership.

FORFEITURE OF SHARES OR DEBENTURES

If call or instalment not paid notice may be given

54. If any Member or Debenture-Holder fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or Interest on or before the day appointed for the payment of the same, or any such extension thereof as aforesaid the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or Debenture-Holder or on the person (if any) entitled to the Shares by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.

Terms of Notice

55. The notice shall name a day (not being less than 14 days from the date of the notice) on or before which and the place or places at which such call, Installment or such part thereof and such other moneys as aforesaid and such interest therein at such rate as the Board shall determine from the day on which such call, installment or other money ought to have been paid and expenses as aforesaid are to be paid, and if payable to any Person other than the Company, the Person to whom such payment is to be made. The Notice shall also state that in the event of non-payment at .or before the time and (if payable to any person other than the Company) at the place appointed, the Shares or Debentures in respect of which the call was made or installment or any part thereof, is payable will be liable to be forfeited.



Shares to be forfeited in default of payment

56. If the requirements of any such notice as aforesaid shall not be complied with any class of the shares or debentures in respect of which such notice has been given may at any time thereafter but before payment of all calls or installments, interest and expenses and other money due in respect thereof, be forfeited by a resolution of the Board to the effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares or debenture and not actually paid before the forfeiture.

Entry of forfeiture in Register of Members or Register of Debentures holders

57. When any Shares or Debentures shall have been so forfeited, and entry of the forfeiture, with the date thereof, shall be made in the Register of Members or Register of Debenture-Holders and notice of Register of shall be given to the Member or Debenture-Holder in whose name they stood immediately prior to the forfeiture but no forfeiture shall be in any manner invalidated by any omission or neglect to make any such entry or to give such notice as aforesaid.

Forfeited shares or debentures to be property of the Company and may be sold etc.

58. Any Shares or Debentures so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disclosed 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.

Directors may annual forfeiture

59. The Board may, at any time before any Shares so forfeited shall have been sold re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

Shareholders or debentures holders still liable to pay money owing at the time of forfeiture and interest

60. Any person whose Shares or Debentures have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, Interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from time to forfeiture and time of the forfeiture until payment, at such rate as the Board may interest determine and the Board may enforce the payment of the whole or a portion thereof as it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.

Effects of forfeiture

61. The forfeiture of Share or debenture shall involve the extinction at the time of the forfeitures, of all interest in and all claims and demands against the Company in respect of the Shares or Debentures forfeited, and all other rights incidental to the Share or Debenture except only such those rights as by these Articles are expressly saved.

Surrender of Shares

62. The Board may, subject to the provisions of the Act, accept a surrender of any Share from or by any Member desirous of surrendering them on such terms it thinks fit.

Company's lien on shares

63. 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 money (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.

As to enforcement of lien by sale

64. For the purpose of enforcing such lien, the Board may sell the Shares, subject thereto In such manner as they shall think fit but no sale shall be made unless a sum in respect of which the lien existing is presently payable and until the expiration of seven days after a notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or other legal representatives as the case may be, and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after service of such notice. To give effect to any such sale, the Board may authorise a Person to transfer the said shares to the purchaser thereof and the purchase shall be registered as the holder of the Shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the Shares sold shall stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.

Application of proceeds sale

65. The net proceeds of any such sale, after payment of the costs of such sale, shall be received by the Company and applied in or towards the satisfaction of such part of the amount in respect of which the lien exist 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 such Member or the Person (if any) either by transmission to the Shares at the date of the sale.

Evidence of forfeiture

66. A declaration in writing under the hands of Director or Secretary that the call in respect of a Share or Debenture was made and notice thereof given and that default in payment of the call was made, and that the forfeiture of the Share or Debenture was made by a resolution of the Board to that effect shall be conclusive evidence of the facts stated therein as against all Persons claiming to be entitled to such shares or debentures.

Title of purchaser and allottee of forfeited shares or shares sold in exercise of lien.

67. Upon any sale after forfeiture or for enforcing a lien in the exercise of the powers hereinbefore given, the Board may appoint some Person to execute and instrument of transfer of the Shares or Debentures sold and cause the purchaser's name to be entered in the Register of Members or Register of Debenture-Holders in respect of the Shares or Debentures sold and the Company may receive the consideration, if any given for the Shares or Debentures on any sale re-allotment or other disposition thereof and the Person to whom such Share or Debenture is sold re-allotted or disposed of may be registered as the holder of the Shares Debentures and he shall not be bound to see to the application of the consideration if any, nor shall his title to the Share or Debenture be affected by an irregularity or invalidity in the proceedings in reference to the forfeiture sale, re-allotment or other disposal of the Shares or Debenture and after his name has been entered in Register of Members or Register of Debenture Holders in respect of such shares/or debentures the validity of the sale shall not be impeached by any person.



Consolidation of share certificate in respect of forfeited shares

68. 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 new certificate or certificates in respect of the said shares to the Person or Persons entitled thereof.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfer

69. (a) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share and Debentures held in material form.
- (b) Where Securities of the Company are held in a Depository, the 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.

Register of renewed and duplicate certificates

70. The Company shall keep a book to be called the "Register of Renewed and Duplicate Certificate and therein shall be fairly and distinctly entered the particulars of the issue of renewed and duplicate certificates in exchange for those which are sub-divided or consolidated or In replacement of those which are defaced, torn or old des~r1pt worn Out or rendered useless.

Form of Transfer

71. The instrument of transfer shall be in writing and in such form as may be prescribed. All the provisions of Section 108 of the Act shall be duly complied with In respect of all transfer and of the registration thereof.

Application for transfer

72. (1) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or by the transferee.
- (2) Where the application is made by the transferor and relate to partly paid Shares the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purpose of sub-clause (2) above, notice to the transferee shall be deemed to have been given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have, been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Transfer not to be registered except on production of instrument

73. The Company shall not register a transfer of Shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name address and occupation, if any, of the transferee has been delivered to the Company within the prescribed period along with the certificate relating In to the Shares, or if no such share certificate is in existence, along with the letter of allotment of the shares. PROVIDED that where on an application in writing made to the Company by the transferee and bearing the stamp required for an Instrument of transfer it is



proved to the satisfaction of the Board that the Instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may if the Board thinks fit, register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

No allotment or transfer of shares to person of unsound mind.

74. No Share shall In any circumstances be subscribed for or transferred to any person of unsound mind or any person who Is adjudged insolvent by a court of competent jurisdiction.

Minors as Member

75. Minors may be allotted fully paid shares In the Company provided the names of their guardians not minors are entered In the. Register of Members.

Board's power to refuse to register transfer of shares and debentures

76. (a) Subject to the provisions of Section 111 of the Act, 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 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.

(b) Transfer of Shares in whatever lot should not be refused. However there would be no objection to the Company, refusing to split a share certificate into several scrips of very small denominations or to consider a proposal for a transfer of Shares, compromised in a share certificate to several parties involving such splitting If on the face of it such splitting/transfer appears to be unreasonable without a genuine need.

Except as above, the Company should not refuse to transfer of Shares in-violation of the Stock Exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

- (i) Transfer of Shares made in pursuance of any statutory provisions of an order of a competent court of law.
- (ii) The transfer of the entire Shares by the existing shareholders holding less than 100 shares by a single transfer to a single or joint names.
- (iii) Transfer of the entire holding of Shares of member which is less than 100 to one or more transferees, provided that the total holding of the transferee or each of the transferees as the case may be will not be less than 100 Shares after the said transfer.
- (iv) The transfer is not less than 100 Shares in the aggregate in favour of the same transferee in two or more transfer deeds submitted together within which one or more relates to the transfer of less than 100 Shares.

Notice of refusal to be given to the transfer and transferee

77. If the Company refuses on legal grounds to register the transfer of any shares or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation



of transmission was lodged with the Company, send notice of refusal to transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of section 111 of the Act, or any statutory modification or reenactment thereof shall apply.

Transfer by legal representative

78. A transferor of a Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Custody of Instrument of transfer

79. The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall, on demand be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds, instruments or transfer lying with the Company for a period of five years or more.

Transfer of shares held in Electronic form

(a) In case of transfer and transmission of Shares or other marketable Transmission Securities where the Company has not issued any certificate and where Shares or Securities being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 or any statutory modification thereof shall apply.

Closure of Transfer Books

80. The Board shall have power on giving not less than seven days previous notice by advertisement as required by Section 154 of the Act, to close the Transfer Books of the Company, the Register of Members or the Register of Debenture-Holder at such time or times and for such period or periods of time not exceeding 30 days at a time as it may deem fit.

Title of shares of deceased holder

81. The executors or administrators or a holder(s) of a succession certificate in respect of the estate of a deceased Member, not being one of two or more joint-holders shall be the only Person recognized by the Company as having any title to the Shares registered in the name of such deceased Member and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration as the case may be, from a duly constituted court in India, Provided that in any case where the Board in its absolute discretion thinks fit, it may dispense with the production of probate or letters of administration or succession certificate upon such terms as to indemnify, or otherwise as the Board in its absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member as a Member.

Refusal to register in case of transmission

82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.



Persons entitled may receive dividend without being registered as member

83. 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 the same Dividends and other advantages to which he would be entitled if lie were the registered holder of the Shares, except that he shall not before being registered as a Member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Board may require evidence of transmission

84. Every transmission of a Share shall be verified In such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or unless and indemnity be given to the Company with regard to such registration which the Directors as their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No fee for registration of transfer or tranmission or power of attorney

85. The Board shall not charge any fee for registration of transfer or transmission, probate, succession certificate and letter of administration, certificate of death or marriage or power of attorney in respect of Shares or Debentures of the Company.

Company not liable for disregard of notice prohibiting registration of transfer

86. The Company shall incur no liability or responsibility whatsoever in consequence of their 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 such shares notwithstanding that the Company may have notice of such equitable right, title or interest) or may have received a notice prohibiting registration of such transfer and may have entered such notice or referred thereto to any book of the Company, and save as provided in the Act, the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do thought 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 so think fit.

Board may refuse transfer to more than three names

87. Subject to the provisions of the Act, the Board may refuse to transfer a Share or Shares in the joint names of more than three Persons.;

Joint holders Members' right

88. Where more than one Person is registered as the holder of any Share the Person first named in the Register of Members as one of the joint holders of a Share shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in these Articles.

- (a) The joint holders of any Share shall be liable severally as well as jointly for and in respect of all calls and other payment which ought to be made in respect of such share.
- (b) On the death of any such joint holder the survivor or survivors shall be the only Person or Persons recognized by the Company as having any title to the Shares but the Board may require such evidence



of death as It may deem fit and 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.

- (c) Any one of the several Persons who is registered as joint holder of any Share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.
- (d) Only the Person whose name stands first in the Register of Members as one of the joint holders of any Share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in these Articles from the Company and any documents served on or sent to such person shall be deemed services on all the joint holders.
- (e) Any one or two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such Persons so present whose name stands first or higher (as the case may be) in the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the others of the joint holders shall be entitled to be present at the meeting; provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. Several executors or administrators of a deceased Member in whose (deceased Member's) sole name any share stands shall for the purpose of this Article be deemed joint holders.

NOMINATION OF SHARES

Nomination of Shares

90. (A) As per Section 109A

- (i) Every holder of Shares/Debentures/fixed deposits will have freedom to nominate at anytime a person to whom the Shares/ Debentures / Fixed deposits shall vest in the event of his death.
- (ii) Where the Shares Debenture/deposits are held by more than one person jointly, the joint holders may together may make such nomination.
- (iii).Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such Shares in, or Debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in or Debentures of the Company, the nominee shall, on the death of the shareholders or holder of Debentures of the Company or as the case may be, on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the Shares, or holder of Debentures, to make the nomination to appoint In the prescribed manner any person to become entitled to Shares in or Debentures of the Company, in the event of his death, during the minority.

(B) As per Section 109B

- (i) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect, either



- (a) to be registered himself as holder of the Shares or Debentures, as the case may be, or
(b) to make such transfer of the Shares or Debentures as the case may be, as the deceased shareholder or Debenture Holder, as the case may be, could have made.
- (ii) The Board shall in either case have the same right to decline or suspend registration as it would have had, if the deceased shareholder or Debenture Holder, as the case may be, had transferred the Shares or Debentures as the case may be, before his death.
- (iii) If the Person being a nominee, so becoming entitled, elects to be registered as holder of the Share or Debenture, as the case may be himself, he shall, deliver or send to the Company a notice in writing signed by him stating that he so elects and such notices shall be accompanied with the death certificate of the deceased shareholder or debenture Holder, as the case may be.
- (iv) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer signed by that shareholder or Debenture Holder as the case may be.
- (v) A person being a nominee becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same Dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debentures except that he shall not before being registered a member in respect of his Shares or Debentures be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Shares or Debentures until the requirements of the notice have been complied with.

BORROWING POWER

Power to borrow

91. Subject to the provisions of Section 292 and 293 of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Board shall have the power from time to time at its discretion by a resolution passed at a meeting of the Board and not by resolution by circulation, to 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 that the total amount to be borrowed at any time together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not without the consent of the Company in General Meeting exceed the aggregate of the paid-up Capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose. Such consent shall be obtained by an Ordinary Resolution which shall provide for the total amount up to which money may be borrowed by the Board. The expression temporary loans in this Article means loans repayable on demand or within six months from the date of the loan such as short term loans, cash credit arrangements, discounting of bills and the issue of other short term loans of seasonal character.

Conditions on which money may be borrowed

92. Subject to the provisions of the Act and these Articles the Board may, by a resolution passed at a Meeting of the Board and not by resolution by circulation, secure the payment of such sum or sums in such manner as it thinks fit and particularly by issue of bonds perpetual or redeemable debentures or stock, or any



mortgage or charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

Bonds, debentures, etc. to be subject to control of Directors

93. Any bonds, Debentures, debenture-stock, or other securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions and in such manner and for such consideration as it shall consider to be the benefit of the Company.

Securities may be assignable free from equities

94. Debentures, debenture-stock, bonds or other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

Conditions on which bonds, debentures, etc. may be issued

95. Subject to the provisions of the Act and these Articles any bonds, Debentures, debenture-stock or other Securities may be issued at discount, premium or otherwise and with any special rights, privileges and conditions as to redemption, surrender, drawings, allotment of shares as to attending (but not voting) at General Meeting, as to appointment of Directors or otherwise, provided that debentures with the right or allotment of or conversion into Shares shall not be Issued except with the sanction of the Company in General Meeting, accorded by a Special Resolution.

Mortgage of uncalled capital

96. If any uncalled Capital of the Company Is included in or charged by way of mortgage or other security by the Board, the Board shall¹ subject to the provisions of the Act and these Articles, make calls on the Members In respect of such uncalled Capital In trust for the Person in whose favour such mortgage or security is executed or; if permitted by the Act, may be instrument under seal authorise the Person in whose favour such mortgage or security is executed or any other Person in trust for him to receive money on call from the Members in respect of such uncalled Capital and the provisions hereinbefore contained in regard to calls shall mutatis-mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors' powers or otherwise and shall be assignable if expressed so to be.

Indemnity may be given

97. Subject to the provisions of the Act and these Articles, if the Directors or any of them or any other Person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Register of mortgage, etc. to be kept

98. The company shall keep a Register of Charges in accordance with the provisions of Section 143 of the Act in respect of all mortgage, 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 are required to be complied with by the Board of Directors.



Register of debenture holders

99. The Company shall, if at any time issues Debentures, keep a Register and Index of Debentures in accordance with Section 152 of the Act.

GENERAL MEETINGS

Annual General Meeting

100. (1) Subject to the provisions of Section 166 and 210 of the Act, the Company shall in addition to any other meetings, hold a General Meeting (hereinafter called an "Annual General Meeting") at the intervals and in accordance with the provisions herein specified. The Company shall hold its first Annual General Meeting within eighteen months from the date of its incorporation of the Company and if such General Meeting is held, within that period, It shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation nor in the following year, but the Annual General subject to the Aforesaid provisions, the Annual General Meeting shall be held at least once in every calendar year and not more than fifteen months shall lapse between the date of one Annual General Meeting and the next, provided however that if the Registrar of Companies shall have for any special reason extend the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within such Additional time fixed by the Registrar.
- (2) Every Annual General Meeting shall be called at a time during business hours and on such day (not being public holiday) as the Board may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situated as the Board may determine. The Company may by a resolution passed at one Annual General Meeting, fix the time for its subsequent Annual General Meeting. The notice calling the meeting shall specify it as the Annual General Meeting.
- (3) 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.
- (4) At every Annual General Meeting of the Company there shall be placed before the meeting 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 Return, 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.
- (5) In terms of Section 173 of the Companies Act, 1956, no explanatory statement shall be required to be annexed to the notice of the general meeting.

Statutory meeting

101. The Company shall hold within the prescribed period specified in Section 165 of the Act, a General Meeting of the Members of Company which shall be called Statutory Meeting.

Extraordinary General Meeting

102. All General Meeting other than the Annual General Meetings shall be called "Extra Ordinary General Meetings". The Board of Directors may call an Extraordinary General Meeting whenever they think fit.



Calling of extraordinary general meeting on requisition

103. The Board of Directors of the Company, shall on the requisition of such number of Members holding as at the date of the deposit of requisition, not less than one tenth of paid-up share Capital of the Company, forthwith proceed to call an Extra Ordinary General Meeting of the Company, Where two or more persons hold any Shares or interest in the Company jointly, a requisition or a notice calling a meeting signed by one or some of them, shall for this purpose have the same force and effect as if it had been signed by all of them.

Meeting on requisition procedures

104. (1) The requisition shall set out the matters for the consideration of which 'the Meeting is to be called shall be signed by the requisitionists, and shall be deposited at the Registered Office of the Company.
- (2) The requisition may consist of several documents of the like form each signed by one or more requisitionists.
- (3) Where two or more distinct matters are specified in the requisition the provision or clause(1) above shall apply separately in regard to each such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified In that clause is fulfilled.

Mortgage of uncalled capital

- (4) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition the meeting may be called by the requisitionists themselves or by such of the requisitionists as represent, either a majority in value of the paid-up Share Capital held by all of them or not less than one-tenth of such of the paid-up Share Capital of the Company.
- (5) A Meeting called by the requisitionists or any of them shall be called in the same manner, as nearly as possible, as that in which Meetings are to be called by the Board but shall not be held after the expiration of three months from the date of the deposit of the requisition.
- (6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the board duly to call a Meeting shall be repaid to the requisitionists by the Company, and any sum so repaid to the requisitionists by the Company and any sums 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.

Notice of Meeting

105. (1)A general Meeting of the Company may be called by giving not less than twenty-one day's notice in writing.
- (2) However, a General Meeting may be called after giving shorter notice than 21 days, in accordance with Section 171 of the Act.

Persons entitled to notice of General Meeting

106. Subject to the provisions of the Act and these Articles, notice of General meeting shall be given:
- (i) to every Member of the Company;



- (ii) to the Person entitled to a Share in consequence of the death or insolvency of a Member as provided by these Articles or as authorised by the Act;
- (iii) to the Auditor or Auditors for the time being of the Company; and
- (iv) to every Trustee for the holders of any Debenture by the Company.

However when the Shares of the Company are listed on a recognized Stock Exchange. Statement containing the salient features of such documents in the prescribed forms may be sent to the above parties not less than twenty-one days before the Meeting and on demand from any Member, Debenture-Holders or depositors, Company shall furnish free of cost with a copy of latest balance sheet and every such documents required by law to be annexed or attached thereto.

Contents of Notice

- 107. (1) Every notice of a Meeting of the Company shall specify the place, the date and hour of the Meeting and shall contain a statement of the business to be transacted thereat, The notice/agenda of such General Meeting shall be in English.
- (2) In every notice there shall appear with reasonable prominence a statement that a Member entitled to attend and vote Is entitled to appoint a proxy, to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Service of Notice

- 108. Notice of every Meeting shall be given to every Member of the Company in any manner authorised by sub-sections (1) to (4) of section 53 of the Act and by these Articles, it shall be given to the Persons entitled to a Share in consequence of the death or insolvency of a Member by sending it through the post in a period letter addressed to them by name, or by the title of the representative of the deceased or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been supplied by giving the notice or in any manner in which it might have been given if the death or insolvency had not occurred provided that where notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of the Registered Office of the Company under sub-section (3) Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the said Act. but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.
- (a) Notice of every Meeting of the Company and every other communication relating to any General Meeting of the Company which any Member of the Company is entitled to have sent to him shall be given to the Auditor or Auditors for the time being of the Company, in the manner authorised by Section 51 of the Act, as in the case of any Member or Members of the Company.

Omission to give Notice not to invalidate a resolution passed

- (b) The accidental omission to give notice of any meeting to or the non-receipt of any notice by member or other person to whom it should be given shall not invalidate the proceedings at the to meeting or the resolutions passed there at to give any notice of re an adjustment or the business to be transacted at an adjourned meeting.



VOTE OF MEMBERS

Postal Ballot

121. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

Issue of Shares without Voting Rights

122. Subject to provisions of Section 86(a)(ii) and the notified rules thereunder, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

Voting rights

123. Subject to the provisions of the Act and these Articles, votes may be given either personally or by proxy or In the base of a body corporate also by a representative duly authorised under Section 187 of the Act. Every Member entitled to vote and present in person; shall upon a show of hands have one vote and; shall (subject to the provisions of Section 87 of the Act) upon a poll, have voting rights in proportion to his share of the paid-up capital of the Company. The preference share holders entitled to vote and present in person; shall upon a show of hands have one vote and; shall (subject to the provisions of Section 87 of the Act) upon a poll, have voting rights in proportion to his share of the preference paid-up Capital of the Company. Provided, however, he shall have a right to vote only at the meeting of preference share holders convened by the Board of Directors pursuant to the provisions laid down under these Articles.

No member to vote unless calls are paid-up

124. Subject to the provisions of the Act, no Member shall be entitled to vote at any General Meeting either personally or by proxy or be reckoned in a quorum while any call or other sum shall be due and payable to the Company in respect of any of the Shares of such Member, or in regard to which the Company has, and has exercised any right of lien.

Right of member to use his vote

125. 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 votes or cast in the same way all the votes he uses.

Proxies

126. Any Member entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another Person (whether a Member or not) as his proxy to attend vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting. A Member present by proxy shall be entitled to vote only on a poll.

Appointment of proxy

127. Every Proxy shall be appointed by, an instrument in writing signed by the appointed or his attorney duly authorised in writing, or if the appointed is body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.



Deposit of instrument of Proxy

128. (1) The instrument of proxy shall be deposited at the office of the Company not less than forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposed to vote and in default, the instrument of 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 except in the case of the adjournment of any meeting first held previously to the expiration of such time.

(2) Every Member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled, during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.

Form of Proxy

129. An instrument appointing a proxy shall be in such forms as may be prescribed by the Act from time to time.

Custody of the instrment of Proxy

130. Any instrument appointing a proxy permanently or for a certain period may be registered with the Company once and for all, and need not be again registered before each successive meeting, and shall be in force until notice of revocation thereof shall have been received by the Company in any time before the hour fixed for the Meeting. The instrument appointing a proxy shall remain permanently in the custody of the Company.

Validity of votes given by Proxy notwithstanding death of member, etc.

131. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or subsequent insanity of the principal or revocation of the proxy 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, insanity, revocation or transfer shall have been received at the office of the Company before the Meeting.

Time for objection to vote

132. Subject to the provisions of the Act and these Articles, no objection shall be made to the validity of any vote except at the meeting of poll at which such vote is tendered and every vote whether given personally or by proxy or by such means hereby authorised and not disallowed at such meeting or poll shall deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of meeting the sole judge to decide validity of every vote

133. Subject to the provisions of the Act and these Articles, the Chairman of any Meeting shall be the sole judge of the validity of every vote tendered or given at such meeting and subject as aforesaid, the Chairman present at the time of taking of poll shall be the sole judge of the validity of every vote tendered as such poll.



Number of Directors

134. Subject to the provisions of Section 252 of the Act, the number of Directors excluding Alternate Director shall not be less than three, and until otherwise determined by the Company in General Meeting more than twelve.

Special Directors

135. The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporations that he or It shall have the right to appoint his or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit.

Such nominee and their successors in office appointed under this Article shall be called "Special Directors" of the Company.

The Special Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meeting and meetings of the committee of which the Special Director/s is/are member/s as also the Minutes of such Meetings. Such Special Directors shall not be required to hold any qualification shares nor be liable to retire by rotation.

136. The Special Directors appointed hereof shall be entitled to hold office until requested to retire by the Person, firm or corporation which may have appointed him/them and will not be liable to retire by rotation. As and when Special Director vacates offices whether upon request as aforesaid or by death, resignation or otherwise, the Person, firm, or corporation who or which appointed such Director may appoint any other Director in his place. A special director may, at any time, by notice in writing to the Company resign his office. Subject as aforesaid a Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as may other Director of the Company.

Alternate Director

137. The Board may appoint any person who is recommended for such appointment by 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 as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office If and when the original Director returns to the said State.

Casual vacancy

138. Subject to the provisions of the Act and these Articles, if the office of any Director is vacated before his term of office will expire in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only after the date upto which the Director in whose place he is appointed would have held off ice, in the vacancy has not occurred.

Appointment of Additional Directors

139. Subject to the provisions of the Act, the Board shall have power at any time and from time to tme to appoint a Person or Persons as an additlional Director or Directors. Such additional Directors shall hold office only upon the date of the next Annual General Meeting of the Company, but shall be eligible fore re-election at that meeting as a Director, provided that, the number of Directors and the additional Directors together, shall not exceed the maximum strength fixed by the Board by Article 124.



Qualification of Directors

140. A Director of the Company shall not be required to hold any qualification Shares.

Remuneration of Directors

141. (1) The fee payable to a Director for attending a meeting of the Board or committee thereof shall be as prescribed under the Act.

(2) For attending the meeting of the Board or committee, thereof the fees payable to a Director (other than Managing Director. Joint Managing Director or whole-time-Director) shall be decided by the Board of Directors from time to time within the maximum limits prescribed under the Act or any statutory modifications thereof.

Travelling and other expenses to Directors

(3) The Board of Directors may, in addition allow and pay to any Director who is not a bonafide resident of the place where a meeting of the Board or committee or General Meeting of the Company Is held, and who shall come to that place for the purpose of attending the meeting, such sum as the Board may consider fair compensation for his traveling, hotel boarding, lodging and the expenses incurred in addition to his fee for attending or returning from meetings of the Board of Directors or any committee thereof or General Meeting of the Company.

Remuneration etc. for performing extra services

(4) Subject to limitation provided by the Act and these Articles, if any Director shall be called upon to go or reside out of his usual place or residence on the Company's business or otherwise perform extra services outside the scope of his ordinary duties the Board may arrange for such Director for such special remuneration for such service either by way of salary, commission or the payment of a stated sum of money as they shall think fit, in addition to or in substitution of his remuneration above provided and all the Directors shall be entitled to be paid or reimbursed, or repaid any travelling, hotel and other expenses incurred or to be incurred in connection with the business of the Company and also to be reimbursed all fees for filling all documents which they may be required to file under the provision of the Act.

Directors may act notwithstanding vacancy

142. The Continuing Director may act notwithstanding any vacancy in the board, but subject to the provisions of the Act, If the number fails below the minimum number above fixed and notwithstanding the absence of a quorum, the continuing Directors may act for the purpose of increasing the number of Directors to the minimum fixed as per the Act.

Directors may be Directors of Companies promoted by the company

143. A Director of the Company they be or become a director of any company promoted by the Company or in which it may be interested as a vendor, member or otherwise and subject to the provisions of the Act and these Articles, no such Director shall, subject to the applicable provisions of the Act, be accountable for any benefits received as a director or member of such company.

Disclosure by Directors, etc. of appointment

144. A Director, Managing Director, manager or Secretary of the Company shall within twenty days of his appointment to or relinquishment of his office as Director, Managing Director, manager or Secretary in any



other body corporate disclose to the Company the particulars relating to his office in the other body corporate which as required to be specified under Section 303(1) of the Act. The Company shall enter the aforesaid particulars in the register kept for that purpose in conformity with Section 303 of the Act.

Disclosure of holding

145. Every Director shall give notice in writing to the Company of his holding of Shares and Debentures of the Company or its subsidiary together with such particulars as may be necessary to enable the Company to comply with the provisions of Section 307 of the Act. If such notice be not given at a meeting of the Board, the Director or manager shall take reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given. The Company shall enter the particulars of the Director's holding of shares and Debentures as aforesaid in register kept for that purpose in conformity with Section 307 of the Act.

Directors may contract with the Company

146. (1) Except with the consent of the Board of Directors of the Company, a Director of the Company or his relative a firm in which such a Director or relative is a partner, any other Partner in such a firm or private company of which the Director is a member or Director shall not enter into any contract with the Company.
- (a) for the sale, purchase or supply of any goods materials or services; or
 - (b) for underwriting the subscription of any Shares in or Debentures of the Company
- (2) Nothing contained in sub-clause (a) of clause (a) shall affect
- (i) the purchase of goods, and materials from the Company, or the sale of goods and materials to the Company by any Directors, relatives, firm, partner or private company as aforesaid by cash at prevailing market prices: or.
 - (ii) any contract or contracts between the Company on the one side and 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: Provided that such contract or contracts do not relate to goods and materials the value of which, or services the cost which exceed five thousand Rupees in the aggregate in any year comprised in the period of the contract or contracts.
- (3) Notwithstanding anything contained in sub-clause (a) and (b) of this Article, a Director, relative, firm, partner or private company as aforesaid may in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods or materials or services, even if the value of such goods or cost of such services exceeds five thousand Rupees in the aggregate in any year comprised in the period of the contract but In such case the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (4) Every consent of the Board required under this Article shall be accorded by a resolution passed at meeting of the Board and not otherwise, and the consent of the Board required under sub-clause (1) of this Article shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract shall be voidable at the option of the Board.



Disclosure of Interest by Directors

147. 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 such contract or arrangement where the concern or interest consists only in holding together with his co-directors in the aggregate not more than two per cent of the paid-up share capital in any company, 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 which that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest 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 months of the financial year in which it would have otherwise expired. No such general notice, and to renewal thereof shall be of effect unless, either it is given at a meeting of the Board of the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Interested Directors not to participate or vote in Board's proceedings

148. 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: nor 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:
- (a) any contract or 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:
 - (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely:
 - (i) In his being
 - (a) director of such company, and
 - (b) the holder of not more than such number or value of shares 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 than two per cent of its paid-up share capital.

Register of Contracts in which director are interested

149. The Company shall keep a register in accordance with Section 301(1) and shall within the time specified in Section 301(2) 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 registrar 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 134. 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 therefrom 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.

THE SEAL

The Seal, its custody and use

179. The Board shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substance 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.

Deeds how executed

180. Every deed or other instrument to which the seal of the 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 the Secretary or some other person appointed by the Board for the purpose. Provided that the certificate of Shares shall be sealed as per Companies (Issue of Share Certificate) Rules, 1960, or any statutory modification or re-enactment thereof for the time being in force

Seals abroad

181. 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 places outside India.

INTEREST OUT OF CAPITAL

Payment of interest out of capital

182. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any works 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 the Share Capital as is for the time being paid-up for the period at the 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 works of building or the provision of the plant.

DIVIDENDS

183. The profits of the Company, subject to may special rIghts relating thereto created or authorised to be created by these Articles and subject to the oprovIsions of these Articles shall be divisible among the Members in proportion to the amount of Capital paid-up on Shares held by them respectively.

The Company in General Meeting may declare a dividend

184. The company in General Meeting may declare a dividend to be paid to Memoers according to their respective rights and interest In the profits and may fix the time for payment. The Company shall comply with the provisions of Section 205A, 205C and 207 of the act and any statutory modifications thereof. No Dividend shall exceed the amount recommended by the Board of Directors.

Dividend to be paid out of profits only

185. (a) No Dividend shall be declared or paid by the Company for any financial year except out its profits arrived at In the manner set out in Section 205 of the Act.

(b) Where owing inadequacy of absence of profits In any year, the Company proposes to declare Dividend out of the accumulated profits earned by it in previous years and transferred to reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made in that behalf by the



government and where any such declaration is not in accordance with such rules, it shall not be made except with the previous approval of the government.

Deemed not profits

186. The declaration of the Board as to amount of net profits shall be deemed to be conclusive.

Interim Dividend

187. Subject to the provisions of the Act, the Board may from time to time pay to the Members such interim Dividend as in their judgement, the position of the Company justifies.

Debts may be deducted from dividend

188. The Board may retain any Dividend on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Dividends in proportion to amount paid-up

189. All Dividend shall be apportions and paid proportionately to the amounts paid or credited as paid on Shares but if any Shares are issued on terms providing that they shall rank for Dividend as from a particular date, Such shares shall rank for Dividend accordingly. Monies paid in advance of calls shall not in respect thereof confer any right to Dividend or to participate in profits.

Retention of dividend until completion of transfer

190. The Board may retain the Dividend payable on any Shares in respect of which any person is under the transmission clause, entitled to become Member of which an person under that clause is entitled to transfer until such person shall become a member in respect of such Shares or shall have duly transferred the same.

No member to receive dividend whilst in debt to the Company and Company's right of reinforcement thereof

191. Subject to provisions of the Act, no members 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 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 due from him the Company.

[Provided however that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares had not been registered, the Company shall:]

- (a) transfer the Dividend in relation to such shares to the special account referred to in Section 205A, unless the Company is authorised by the registered holder of such shares in writing to pay such Dividend to the transferee specified in such instrument of transfer; and
- (b) keep in abeyance in relation to such Shares any offer of rights Shares under clause(a) of sub-section (1) of section 81 and issue of fully paid-up bonus shares in pursuance of Sub-section (2) of Section 205.



Dividend how remitted

192. Unless otherwise directed any Dividend may be paid by cheque or warrant sent through post to the registered address of the Member or person entitled or In case of joint holders to the one of the first named in the register in respect of joint holding. 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 lost in transmission or for any dividend lost to the member or other person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any cheque or warrant lost in transmission or for any other means.
193. Notice of declaration of any Dividend, whether interim or otherwise shall be given to the registered holder of shares in the manner provided under the Act.

Notice of dividend

194. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in the behalf in any scheduled bank called "Unpaid Dividend of Prakash Steelage Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Unpaid dividend

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.

Payment of call out of dividend due

195. Any General Meeting declaring a Dividend may on the recommendation of the Directors make a call on the Members for such amount as the Meeting fixes but so that the call on each Member shall not exceed the Dividend payable to him and so that the call be made 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 Members, be set off against the call.

Dividend to be transferred to Fund

196. Any money transferred to the special account as provided in section 205A, 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 established under Section 205C. No claim shall lie against the Company in respect of individual amount which were unclaimed or remaining unpaid for a period of seven years from the date that they first become due for payment and no payment shall be made in respect of any such claim.

RESERVES AND CAPITALISATION

Reserve

197. The Board may, before recommending any Dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board be applicable for any



purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion either be employed in the business of the Company or firm may be permitted by the Act, applied for payment of Dividend or be invested in such Investment and in such manner or as may be permitted by the Act and as the Board may, from time to time think fit.

Capitalisation

198. (1) Any General Meeting of the Company on the recommendation of the Board may resolve that any amounts standing to the credit of the share premium account, the capital redemption reserve account or any money investments or other assets forming part of the undivided profits (Including profits or surplus money arising from the realisation and permitted by law, from the appreciation in value of any capital assets of the Company handing to the credit of the general reserve her reserve or reserve fund or any other fund of the Company or in the lands of the Company and available br dividend be capitalised;

(a) by the issue and distribution of Shares of the Company as fully paid-up and to the extent permitted by the Act, Debentures, debenture-stock bonds or other obligations of the Company, or

(b) by crediting Shares of the Company which may have been issued to and are not fully paid-up with the whole or part any part of the sum remaining unpaid thereon.

Provided that any amounts standing in the credit of the share premium account of the capital redemption reserve account shall be applied only in crediting the payment of Capital or Shares of the Company to be issued to Members (as herein provided) as fully paid bonus Shares.

(2) Such issue and distribution under sub-clause (1) (a) above and such payment to credit of unpaid share Capital under such-clause(1) above shall be made to among and in favour of the Members of any class of them or any of them entitled thereto in accordance with their respective rights and interest and in proportion to the amount of capital paid-up on the Shares held by them respectively in respect of which such distribution under sub-clause (1)(a) or payment under sub-clause (1) (b) above shall be made on the footing that such Members become entitled thereto as Capital.

(3) The Directors shall give effect to any such resolution and shall apply such portion of the profits. General reserve or other revenue or any other fund or account as aforesaid as may required for the purpose of making payment in full of the Shares, Debentures, debenture-stock, bonds or other obligations of the Company so distributed under subclause (1)(a) above or (as the case may be) for the purpose of paying In whole or in part the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-cia use(1)(b) above.

(4) For the purpose of giving effect to any such resolution, the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient, arid in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any Member on the footing of the value so fixed and may vest any such cash, Shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for the Persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.

(5) Subject to the provisions of the Act and these Articles In case where some of the Shares of the Company and fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further Shares in respect of the fully paid Shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid Shares and the partly paid Shares, the sum so applied on the payment of such further shares and in the extinguish-ment or



diminution of the liability on the partly paid shares shall be applied prorata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid Shares respectively.

- (6) When deemed requisite in proper contract shall be filed in accordance with the Act and the Board may appoint any Person to sign such contract on behalf of the Members entitled as aforesaid and such appointment shall be effective.

RECONSTRUCTION

Reconstruction

217. On any sale of the undertaking of the company, the Board or liquidator on a winding up may, if authorised by special resolution, accept fully paid up or partly paid-up Shares, Debentures or Securities of any other Company, whether Incorporated in India or not, either then existing or to be formed for the purpose in whole or in part of the property of the Company, and the Board (if the profits of the company permit) or the Liquidator (in a winding up) may distribute such Shares or securities or any other property of the Company amongst the Members without realisation or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with strict legal rights of the members of contributories of the Company and for the valuation of such securities or property at such price and in such manner as the meeting may approve and share holders of Shares shall be bound to accept, and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the company is proposed to be or is in the course of being wound up such statutory rights, if any under Section 494 of the Act, as are incapable of being varied or excluded by these Articles.

WINDING UP

Winding up procedure

218. If the company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up Capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the Capital paid-up or which ought to have been paid-up at the commencement of the winding up on the Shares held by them respectively. And if in winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the Capital paid-up at the commencement of the winding up excess shall be distributed among the Members in proportion to the Capital paid-up at the commencement of the winding up. or which ought to have been paid up the Shares held by them respectively, But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and condition.

Distribution of assets in specie or kind

219. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may with the sanction of a Special Resolution, but as subject to the rights attached specie or kind to any preference share or Capital, divide amongst the contributories, in specie or kind any part of the assets of the Company and may, with the like sanction vest any part of the assets of the Company in trustee upon such trust for the benefit of the contributories, or any of them, as the liquidator with the like sanction shall think fit.

(2) If thought expedient any such division may, subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association), and In particular any class may be given preferential or, special rights or may be excluded altogether or in part, but in case any such division shall be determined any contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.



(3) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any Person entitled under such division to any of the said shares may within ten days after the passing of the Special Resolution, by notice in writing intimate to the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall if practicable act accordingly.

Right of share- holders in case of sale

220. A Special Resolution sanctioning a sale to any other company duly passed pursuant to Section 494 of the act may subject to the provisions of the Act, in like manner as aforesaid determine that any share or other consideration receivable by the liquidator be distributed amongst the Members, otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members, subject to the rights of dissent and consequential right conferred by the said section.

SECURITY CLAUSE

Secrecy clause

221. (1) Every Director, manager, Auditor, trustee, member of a committee or other person employed in the business of the Company, shall if so required by the Directors before entering upon his duties sign a declaration pledging all transaction and affairs of the Company with the customers and the state of the accounts with individuals and in relation 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 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 of these presents contained.

(2) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or the Managing Director 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 or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Director or the Managing Director, it will be inexpedient in the interest of the Members of the Company to communicate to the public.



SECTION VIII - OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the RHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of the RHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company between 9:30 am to 5:30 pm on any working day from the date of the RHP until the date of closure of the subscription List.

Material contracts

1. Memorandum of Understanding dated 20/03/2010 entered into between the Company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated 22/08/2009 entered into between the Company and Bigshare Services Pvt. Limited, Registrar to the Issue.
3. Escrow Agreement dated 26/07/2010, between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated 26/07/2010 between the Company, BRLM and Syndicate Members.
5. Underwriting Agreement dated 13/08/2010 between the Company, BRLM and Syndicate Members.
6. Copy of Tripartite agreement dated 18/12/2009 entered into between the Company, CDSL and Registrar to the Issue.
7. Copy of Tripartite agreement dated 08/12/2009 entered into between the Company, NSDL and Registrar to the Issue.

Material Documents

1. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
2. Shareholders' resolutions dated 10/11/2009 in relation to this Issue.
3. Resolutions of the Board meeting dated 02/09/2008 approving the remuneration of Mr. Prakash C. Kanugo, Mr. Ashok M. Seth, Mr. Hemat P. Kanugo and Mr. Kamal P. Kanugo.
4. Audited Balance sheets and Profit and Loss Accounts of the Company for the financial years ending on March 31, 2010, 2009, 2008, 2007 and 2006.
5. Consents of Auditors, Bankers to the Company, Bankers to the Issue, BRLM, Syndicate Members, Registrar to the Issue, Directors of our Company, Company Secretary & Compliance Officer Legal Advisor to the Issue as referred to, in their respective capacities.
6. Legal Due Diligence Report dated 20/03/2010 by Corporate Law Chambers India, Advocates, Legal Advisor to the Issue and copy of their letter dated 15/07/2010 pertaining to the developments in their Due Diligence Report.
7. Copy of certificate dated 10/07/2010 issued by the Statutory Auditors of the Company, M/s Khandelwal Jain & Co, Chartered Accountants & D.C. Bothra & Co., Chartered Accountants in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio.
8. Copy of certificate dated 09/07/2010 issued by D.C. Bothra & Co., Chartered Accountant and Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
9. Copy of certificate dated 10/07/2010 received from M/s. Lukad & Jain, Chartered Accountant regarding sources and deployment of funds including details of funds raised from various lenders.



10. Undertakings by the Company.
11. Copy of lease Agreement dated 02/09/2009 between the Company and Ashok M Seth (HUF) & Mr. Kamal P Kanugo pertaining to the office of the Company at Office No. 701, 7th Floor, Mahalaxmi Chamber, Bhulabhai Desai Road, Mumbai – 400 026
12. Copy of lease Agreement dated 02/09/2009 between the Company and Prakash C. Kanugo (HUF) & Ms. Ekta Hemant Kanugo (Licensor) pertaining to the office of the Company at Office no. 702, 7th Floor, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai – 400 026
13. Copy of lease Agreement dated 15/09/2009 between the Company and Mr. Prakash C. Kanugo (Licensor) pertaining to the warehouse of the Company at Plot no. 1206, Road no. 26, Sector KWC, Kalamboli, Navi Mumbai
14. IPO grading report dated July 12, 2010 and July 14, 2010 issued by Credit Analysis and Research Limited (CARE), a credit rating agency registered with SEBI.
15. Copy of In-principle approval received from BSE vide their letter no. DCS/IPO/JA/IPO-IP/184/2010-11 dated May 05, 2010 for listing of the securities offered through this Offer Document at BSE.
16. Copy of In-principle approval received from NSE vide their letter no. NSE/LIST/138776-R dated May 28, 2010 for listing of the securities offered through this Offer Document at NSE.
17. SEBI Observation Letter No. CFD/DIL/Issues/SK/AT/8889/2010 dated June 16, 2010 issued by the Securities and Exchange Board of India and reply to the observation by Keynote Corporate Services Limited (Book Running Lead Manager) vide their letter dated July 16, 2010.

Any of the contracts or documents mentioned in the RHP 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.



PART III

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, 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 Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

Signed by all Directors

Sd/-

Prakash C. Kanugo

Sd/-

Ashok M. Seth

Sd/-

Himanshu J. Thaker

Sd/-

Bipin C. Doshi

Sd/-

Hemant P. Kanugo

Sd/-

Kamal P. Kanugo

Sd/-

Mrinmoy Roy

Sd/-

Gautam Chand Jain

Signed by the Company Secretary and Compliance Officer

Sd/-

Sarika Singh

Date: August 14, 2010

Place: Mumbai