DRAFT RED HERRING PROSPECTUS
Dated June 26, 2010
Please read Section 60 B of Companies Act, 1956
Draft RHP will be updated upon RoC filing
Book Built Issue

RAJPUTANA STAINLESS LIMITED

(Our Company was originally incorporated in India as "Rajputana Steel Castings Private Limited" on April 2, 1991 under the Companies Act, 1956. For details of the change of name of our Company and Registered Office, see "History and Certain Corporate Matters" on page 119 of this Draft Red Herring Prospectus.)

Registered Office: 213, Madhwas, Halol Kalol Road Tal: Kalol, Dist: Panchmahals, Gujarat – 389 330, India. **Tel:** 91-2676-326944; **Fax:** 91-2676-236327

Contact Person: Mr. Amitabh Dubey, Company Secretary and Compliance Officer. **Tel:** 91-2676-326944; **Fax**: 91-2676-236327

Email: compliance@rajputanastainless.com; **Website:** www.rajputanastainless.com

THE PROMOTERS OF THE COMPANY ARE MR. SHANKARLAL D. MEHTA, MR. BABULAL D. MEHTA, AND MR. JAYESH N. PITHWA.

THE ISSUE

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. 10,800 LACS ("HEREIN AFTER REFFERED TO AS "THE ISSUE") BY RAJPUTANA STAINLESS LIMITED (HEREINAFTER REFERRED TO AS "RSL" OR THE "COMPANY" OR THE "ISSUER"). THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.

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

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price. Any bidder may participate in this Offer through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to "Issue Procedure" on page 215. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs. 10/- per Equity Share and the issue price is [●] times of the face value. The Issue Price (as determined and justified by the Issuer, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process) 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 or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document.

Specific attention of the Investors is invited to the statement of Risk Factors pertaining to Company, its business and this Issue on Page No. 13 of the Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the Issuer and the issue, which is material in the context of the issue, that the information contained in this Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●], through their letter dated [●]. For further details in this regard please refer "General Information" and "Material Contracts and Documents for Inspection" on page no. 41 and 292 respectively of the Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange ("NSE"). Our company has received an in-principle approval for listing of the equity shares from BSE and NSE vide its letters No [●] and [●] dated [●] and [●] respectively. For the purpose of this Issue, the designated Stock Exchange will be the Bombay Stock Exchange Limited ("BSE").

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THIS ISSUE
ARYAMAN FINANCIAL SERVICES LIMITED	**NIRBHAY CAPITAL SERVICES PVT LTD.**	**ADROIT CORPORATE SERVICES LIMITED**
Aryaman Financial Services Limited 60, Khatau Building, Ground Floor, Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001. Tel No.: 91 – 22 – 2261 8264 / 8635 Fax No.: 91 – 22 – 2263 0434. Web: www.afsl.co.in Email: info@afsl.co.in Contact Person: Mr. Deepak Biyani. SEBI Registration No. INM000011344	**Nirbhay Capital Services Pvt Ltd.** 201, Maruti Crystal, Opp. Rajpath Club, S.G.Road, Ahmedabad – 380 054. Tel. No. : 91 – 79 – 2687 0649 Fax No.: 91 – 79 – 2687 0228 Email: info@nirbhaycapital.com Website: www.nirbhaycapital.com Contact Person: Mr. Himanshu Nadiyana SEBI Registration No. INM000011393	**Adroit Corporate Services Limited** 19-20 Jaffer Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai – 400 059. Tel. No.: 91 – 22 – 2859 4060 Fax No.: 91 – 22 – 2847 5207 Web: www.adroitcorporate.com Email: ipo@adroitcorporate.com Contact Person: Mrs. Veena Shetty SEBI Registration No. INR000002227

BID/ISSUE PROGRAMME			
BID/ISSUE OPENS ON	[●]	**BID/ISSUE CLOSES ON**	[●]

* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

ISSUER RELATED TERMS

Terms	Description
"We", "us", "our", "the Issuer", "the Company", "our Company" or "RSL"	Unless the context otherwise indicates or implies, refers to Rajputana Stainless Limited.
"Our Promoters"	Unless the context otherwise requires, refers to Mr. Shankarlal D. Mehta, Mr. Babulal D. Mehta, and Mr. Jayesh N. Pithwa.
"Our Promoters Group"	Unless the context otherwise requires, refers to Mr. Shankarlal D. Mehta, Mr. Babulal D. Mehta, Babulal D. Mehta (HUF), Mr. Jayesh N. Pithwa, Mrs. Bhaguben B. Mehta, Mr. Girish B. Mehta, Mrs. Hetal J. Pithwa, Mr. Kalpesh B. Mehta, Mr. Motilal D. Mehta, Motilal D. Mehta (HUF), Mr. Natvarlal Pithwa, Mrs. Nirmalaben N. Pithwa, Mrs. Pinky Jain, Mr. Ramesh D. Mehta, Ramesh D. Mehta (HUF), Mr. Vikram M. Mehta, Mr. Jayanti M. Sanghvi, Mrs. Kamla M. Mehta, Mr. Mahendra M. Mehta, Mrs. Rohiniben R. Mehta.
"Our Group Companies" or "Our Group Entities"	Unless the context otherwise requires, refers to M/s. Yash Steel Centre, M/s. R. Maganlal & Co. and M/s. Rajputana Advisory Services Pvt. Ltd.

ISSUE RELATED TERMS

Terms	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue.
Allottee	The successful Bidders to whom Equity Shares are being /have been allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, with a minimum Bid of Rs. 1000 lacs
Anchor Investor Bid	Bid made by the Anchor Investor
Anchor Investor Bidding Date	The day, one working day prior to the Bid/ Issue Opening Date, prior to or after which the Syndicate will not accept any Bids from Anchor Investors.
Anchor Investor Bid/Issue Period	The date one day prior to the Bid/Issue Opening Date on which Bidding by Anchor Investors shall open and shall be completed.
Anchor Investor Issue Price	The final price of Rs. **[●]** at which Equity Shares are issued and allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus. The Anchor Investor Issue Price has been decided by the Company in consultation with the BRLMs.

Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
Applications Supported by Blocked Amount (ASBA)	Applications Supported by Blocked Amount (ASBA) means an application for subscribing to the Issue containing an authorization to block the application money in a bank account maintained with SCSB.
ASBA Investor / ASBA Bidders	Any bidder who / which intends to apply through ASBA process in the Issue; is applying through blocking of funds in a bank account with the SCSB.
ASBA Bid cum Application Form / ASBA BCAF/ ASBA Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which are considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid	An indication to make an offer, during the Bidding Period by a prospective investor (or on the Anchor Investor Bid / Issue date by the Anchor Investor) to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Investor to subscribe for the Equity Shares.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid Cum Application Form.
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 (except for ASBA investor).
Bid / Issue Closing Date	Except in relation to Anchor Investor, the date after which the member(s) of the Syndicate/SCSB 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 language newspaper.
Bid/ Issue Opening Date	Except in relation to Anchor Investor, the date on which the member(s) of the Syndicate/SCSB 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 language newspaper.
Bid Cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and Prospectus. Unless the context otherwise mentions in the Red Herring Prospectus or Prospectus, Bid Cum Application Form includes ASBA Form.
Bidding / Bidding Period / Issue Period	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date inclusive of both days and during which prospective Bidders (except Anchor Investors) can submit their Bids.
Book Building Process / Book Building	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, 2009 in terms of which this Issue is made.
BRLMs / Book Running Lead Managers	Book Running Lead Managers to this Issue, in this case being Aryaman Financial Services Limited and Nirbhay Capital Services Pvt. Ltd.

CAN/ Confirmation of Allocation Note	Except in relation to Anchor Investors the note or advice or intimation of Allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in accordance with the Book Building Process. In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof.
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, including any revisions thereof.
Controlling Branches	Such branches of the SCSB which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available on http://www.sebi.gov.in
Cut off / Cut off Price	The Issue Price finalized by our Company in consultation with the BRLMs and it shall be any price within the Price Band. A Bid submitted at the Cut off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account and from the bank account of the ASBA Investors to the Public Issue Account after the Prospectus is filed with the RoC following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited is the designated stock exchange for the purpose of this Issue.
Draft Red Herring Prospectus	The Draft 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.
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares allotted herein.
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (except ASBA Investor) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into between our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLMs in relation to the collection of Bid Amounts and dispatch of refunds (if any) of the amounts collected, to the Bidders (except ASBA Investor) on the terms and condition thereof.
Escrow Collection Bank(s) / Banker(s) to the Issue	The banks, which are registered with SEBI as Banker(s) to the Issue at which the Escrow Account for the Issue will be opened
First Bidder	The Bidder whose name appears first in the Bid Cum Application Form or

	Revision Form or ASBA Form.
Floor Price	The lower end of the Price Band, below which the Issue Price have not been finalized and below which no Bids have been accepted
Indian GAAP	Generally Accepted Accounting Principles in India.
Issue	This Issue of **[●]** Equity Shares of Rs. **[●]** each fully paid up at the Issue Price aggregating Rs.10800 lacs by our Company.
Issue Price	The final price at which Equity Shares have been issued and allotted in terms of the Red Herring Prospectus. The Issue Price has been decided by our Company in consultation with the BRLMs on the Pricing Date.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	Upto 5 % of the QIB portion (excluding the Anchor Investor Portion), being **[●]** Equity Shares, available for Allocation on proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion/ Non Institutional Bidders Portion	The portion of this Issue being not less than 15% of the Issue consisting not less than **[●]** Equity Shares of Rs. **[●]** each for cash, available for Allocation to Non Institutional Bidders.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in Date Bid / Issue Closing	Date or the last date specified in the CAN sent to Bidders receiving Allocation at the time of Bidding, as applicable and which shall with respect to Anchor Investors, be a date not later than two days after the Bid Closing Date
Price Band	The price band of a minimum price ("Floor Price") of Rs. **[●]**/- per Equity Share and the maximum price ("Cap Price") of Rs. **[●]**/- per Equity Share and includes revisions thereof, if any.
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act containing, *inter alia*, 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(s) to this Issue to receive monies from the Escrow Account and accounts of ASBA Investors for this Issue on the Designated Date.
Net QIB Portion	The portion of the QIB portion less the number of Equity shares allotted to Anchor Investors Consisting of not more than **[●]** Equity Shares for

	cash at a price of Rs. [●] per Equity Share being not more than 50% of the Issue, available for Allocation to QIBs.
QIB Portion	The portion of this Issue being not more than 50% (including Anchor Investor Portion) of the Issue, i.e. [●] Equity Shares of Rs 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, scheduled commercial banks; mutual funds registered with SEBI; foreign institutional investors and subaccount (other than a sub-account which is foreign corporate or foreign individual) registered with SEBI; multilateral and bilateral development financial institutions; venture capital funds registered with SEBI; foreign venture capital investors registered with SEBI; state industrial development corporations; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. [●] lacs; and pension funds with minimum corpus of Rs. [●] lacs; 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 insurance funds set up and managed by army, navy or air force of the Union of India.
Red Herring Prospectus	The Red Herring Prospectus which will be issued in accordance with Section 60B of the Companies Act, which did not have complete particulars on the price at which the Equity Shares are offered and size of this Issue.
Refund Account(s)	Account(s) to which subscription monies to be refunded to the investors shall be transferred from the Public Issue Account.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means funds through NECS, NEFT, Direct Credit or RTGS as applicable.
Registrar/ Registrar to this Issue	Adroit Corporate Services Ltd. 19-20 Jaffer Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai – 400059
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have Bid for an amount less than or equal to Rs. [●] in any of the bidding options in this Issue. Retail Portion Consists of not less than [●] Equity Shares of Rs. [●] each at a price of Rs. [●] per Equity Share being not less than 35% of the 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).
Return on Capital Employed (RoCE)	(Earnings Before Interest and Tax / Average capital employed)
Self Certified Syndicate Banks (SCSBs)	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the SEBI from time to time.
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India

	Limited.
Syndicate	The BRLMs and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters in this case being **[●]**.
Transaction Registration Slip/ TRS	The slip or document issued by the members of the Syndicate to the Bidders as proof of registration of the Bid.

CONVENTIONAL / GENERAL TERMS

Terms	Description
Articles /Articles of Association / AOA	Articles of Association of Rajputana Stainless Limited
ART	Automobile, Railways and Transportation
Auditors	The Statutory Auditors of the Company, viz. M/s. R.K. Raman & Co.
Board of Directors / Board	The Board of Directors of Rajputana Stainless Limited or a committee constituted thereof
Companies Act	The Companies Act, 1956, as amended from time to time
CIS	Chief Inspector of Shops
DTAA	Double Taxation Avoidance Agreement
Depositories Act	The Depositories Act, 1996, as amended from time to time
ESI	Employees State Insurance
Equity Shares	Equity Shares of Rajputana Stainless Limited, of face value of Rs. 10/- each unless otherwise specified in the context thereof
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FIFO	First in First Out
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
IEM	Industrial Entrepreneurs Memorandum
IMG	Inter Ministerial Group
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.
KMP	Key Management Personnel
MRVC	Mumbai Rail Vikas Corporation
NHAI	National Highway Authority of India
Non Residents	Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions, who are eligible to apply in the Issue.

NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PNB	Punjab National Bank
PPP	Purchasing Power Parity
REC	Rural Electrification Corporation
R&T or R&TA	Registrar and Transfer Agent of the Company – M/s. Adroit Corporate Services Ltd.
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, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (DIP) Guidelines	Securities and Exchange Board India (Disclosure and Investor Protection) Guidelines, 2000
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.
SEBI Regulation / SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
VAT	Value Added Tax

ABBREVIATIONS

Terms	Description
ABC Sector	Architectures, Building and Construction Sector
AISI	American Iron and Steel Institute
ART Sector	Automobiles, Railways, and Transportation Sector
BIFR	Board for Industrial and Finance Reconstruction
BSE	Bombay Stock Exchange

CDSL	Central Depositary Services (India) Limited
CIS	Chief Inspector of Shops
DMRC	Delhi Metro Rail Corporation
DTAA	Double Taxation Avoidance Agreement
DTC	Delhi Transport Corporation
EOT	Electric Overhead Travelling
ERW	Electric Resistance Welded
ESIC	Employees State Insurance Corporation
FIPB	Foreign Investment Promotion Board
FO	Furnace Oil
FY	Financial Year
GBIFR	Gujarat Board for Industrial and Financial Reconstruction
GDP	Gross Domestic Product
GEDA	Gujarat Energy Development Agency acting as nodal agency for the implementation of the policy.
GERC	Gujarat Electricity Regulatory Commission
GETCO	M/s. Gujarat Energy Transmission Corporation Limited
GoI/ Government	Government of India
HP	Horsepower
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICD	Inland Container Depot
IDOCL	Industrial Development Corporation of Orissa Limited
IPO	Initial Public Offer
IPT	Inter Plant Transfer
ISSDA	Indian Stainless Steel Development Association
I. T. Act	The Income Tax Act, 1961, as amended from time to time
ITAT	Income Tax Appellate Tribunal
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise
Kg	Kilogram
KVA	Killo volt ampare
LRF	Ladle Refining Furnace
MGVCL	Madhya Gujarat Vij Company Ltd
M Ha	Million Hectares
MICR	Magnetic Ink Character Recognition
MoA	Memorandum of Association
MoU	Memorandum of Understanding
Mn	Million
MRVC	Mumbai Rail Vikas Corporation
MSPs	Major Steel Plants
MT	Metric Tonnes

MW	Megawatt
MTPA	Metric Tonnes Per Annum
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NHAI	National Highway Authority of India
NOC	No Objection Certificate
NRE	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OC	Own Consumption
OCB	Overseas Corporate Body
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit after tax
PBT	Profit before tax
PLC	Programmable Logic Controller
QIB	Qualified Institutional Buyers
P/E Ratio	Price/Earnings Ratio
R & D	Research and Development
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RCC	Reinforced Cement Concrete
RHP	Red Herring Prospectus
RINL	Rashtriya Ispat Nigam Limited
RoC/Registrar of Companies, Guajarat	The Registrar of Companies located at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahemadabad - 380013 Gujarat, India.
RoCE	Return on Capital Employed
RoNW	Return on Net Worth
Rs./ Rupees / INR	Indian Rupees, the legal currency of the Republic of India
RSL	Rajputana Stainless Limited
RTGS	Real Time Gross Settlement
SAIL	Steel Authority of India Limited
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.

SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
Sq Mts.	Square Meters
SS	Stainless Steel
TIN	Taxpayers Identification Number
TISCO	Tata Iron and Steel Company Limited
TRS	Transaction Registration Slip
UAE	United Arab Emirates
UOI	Union of India
UK	United Kingdom
USA	United States of America
USD/ $/ US$	The United States Dollar, the legal currency of the United States of America.
VCB	V-Type Centre Break Disconnect
WTO	World Trade Organization
WTG	Wind Turbine Generator

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements, prepared in accordance with Indian GAAP, the Companies Act, and the SEBI (ICDR) Regulations, 2009 which are included in this Draft Red Herring Prospectus.

We have no subsidiaries.

Our fiscal year commences on April 1 and ends on March 31 of the next year.

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

There are significant differences between Indian GAAP, IFRS and U.S GAAP. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the SEBI Regulations, included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million".

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and Government data. 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 that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

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

FORWARD LOOKING STATEMENTS

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

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

- General economic and business conditions in India and other countries.
- Regulatory changes relating to the textile sector in India and our ability to respond to them.
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political condition in India.

For further discussion of factors that could cause our actual results to differ from our expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 13, 98 and 169 of this Draft Red Herring Prospectus. Neither our Company, our Directors, the BRLM or any of the Underwriters nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements our Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Bombay Stock Exchange and National Stock Exchange Limited.

SECTION II: RISK FACTORS

An investment in the Company's Equity Shares involves a high degree of risk. You should carefully consider the risks described below as well as other information in this Prospectus before making an investment in the Company's Equity Shares. The risks described in this section are those that we consider to be the most significant to the offering of our Equity Shares. If any of the following events occur, our business, financial condition, results of operations and prospects could materially suffer, the trading price of the Company's Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned herein.

Unless otherwise stated, the financial information of the Company used in this section is derived from our restated financial statements.

In this section, a reference to the "Company", "we", "us", or "our" means Rajputana Stainless Limited.

Materiality

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

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

Note:

The risk factors are disclosed as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors", "Management Discussion and Analysis of financial conditions and operations" and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Financial Statements" prepared in accordance with the Indian Accounting Standards.

INTERNAL RISK FACTORS

1. ***There is a possibility of an adverse impact on our company in the event of the following ongoing legal/tax disputes being determined against us.***

Our Company is party to certain legal proceedings. These legal proceedings are both initiated by and against the Company and are pending at different levels of adjudication before various courts, tribunals, statutory, regulatory and other judicial authorities, and if determined against us, could have an adverse impact on the business, financial condition and results of operations. No assurances can be given as to whether these legal proceedings will be decided in our favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims. Any adverse decision may have a significant effect on our reputation, financial condition and results of operations.

Following is the summary of the legal proceedings involving our Company:

Particulars	No. of Cases	Financial Implications (to the extent quantifiable) (Rs. In Lacs)
Civil Cases before Income Tax Department	1	60.84
Civil Case before Central Excise Department	1	36.00
Civil Cases initiated by the Company	1	128.13
Criminal Cases initiated by the company	3	30.00
Civil Cases filed against the Company	3	7.67
Criminal Cases filed against the Company	3	0.06

For more information regarding these legal proceedings, see 'Outstanding Litigations and Material Developments' beginning on page 189 of this Draft Red Herring Prospectus.

2. ***Our current and proposed projects require various approvals, licenses, registrations, and permissions from various government and other regulatory authorities. Any delay in obtaining or inability to obtain the same could have a material adverse effect on our financial results and business prospects.***

Our current and proposed projects require certain key approvals and/or documents from various government entities at the Indian central and state government level. These include Municipal approvals for building factory at the new land purchased, Environmental clearances, Permission for Procuring Imported Plant and Machinery, FIPB Approval for Foreign investments, Approval/ Consents to operate Melting Units, Rolling Mills, Bright Bar Units of respective capacities from local and central bodies etc. Some of these approvals have been received but may be up for renewal soon, some are applied for and are awaited and some others shall be applied for at a later stage as and when required.

We cannot assure you that we will obtain these approvals, consents, permissions, etc. or enter into these documents or enter into binding documentation, which means that all our proposed projects are at risk of being delayed, derailed or not proceeding at all, any of which could have a material adverse effect on our financial results and business prospects.

For further details regarding the current status of various Government and other key approvals see "Government & Other Key Approvals" beginning on page 193 of this Draft Red Herring Prospectus.

3. ***We have no experience in building and operating a Rolling Mill, which may affect our ability to effectively manage and operate this proposed unit and hence adversely affect our results of operations and financial condition.***

The Company and its Promoters have been in the business of Manufacturing Stainless Steel from Scrap. The Company regularly supplies to Rolling Mills and also gets Rolling done on a job work basis outside. We are aware of its working and infrastructure requirements, but have no experience in building and operating a Rolling Mill completely by itself. Operating a Rolling Mill Furnace and Working on Rolls are new activities for our Company. The company shall rely on its Key Managerial Personnel and Technical staff deployed for effective implementation of this forward integration process. Accordingly any inability to effectively manage and operate this proposed unit could adversely affect our results of operations and financial conditions.

4. We shall be dependent on various contractors to construct and setup our proposed projects, some of whom supply sophisticated and complex machinery to us. We may face execution risks relating to the quality of the services, equipment and supplies provided by contractors and may not be able to recover from a contractor or supplier the full amount owed to us.

We depend on the availability and skills of third-party contractors for the construction and installation of our proposed projects and the supply of certain Key Plant and Equipment. We may only have limited control over the timing or quality of services, equipment or supplies provided by these contractors and are hence highly dependent on some of the contractors who supply specialized services and sophisticated and complex machinery to us. We may be exposed to risks relating to the quality of the services, equipment and supplies provided by contractors necessitating in additional investments by us to ensure the adequate performance and delivery of contracted services.

The execution risks we may face include:

- Construction contractors hired by us may not be able to complete construction of various sheds required for the proposed units on time or within budget or to the specifications and standards that are required.
- Supply quotations or proposals of certain Machines include installation at Factory site. Timely Delivery and service levels for these installations may not be completely in our control.
- Our Wind Energy Units are proposed to be operated by Suzlon and its Group Companies based on a operating and maintenance agreement and power generated by them on our behalf cannot be completely controlled or monitored by us.

5. The Company is still to place orders for 39.85% of the Plant and Machinery required for the Proposed Projects which aggregates to Rs. 1079.77 lacs. Delays in raising of funds and subsequent delays in procurement of said Plant & Machinery may lead to cost overruns and may hence affect the operations and profitability of the Company.

The Company is yet to place orders for 39.85% of the plant and machinery and other equipments and accessories which are required in the proposed projects. The total cost of Plant and Machinery and other equipments for which no advances have been paid nor have any orders been placed aggregates to Rs. 1079.77 lacs which is approximately 10% of the total cost of the project. Since no orders have been placed as on date for the same, market factors such as inflation, changes in technology, tax regimes, etc may increase the overall cost of our project and have an adverse effect on our financial condition and results of operations. For further details pertaining to our Plant and Machinery see "Objects of the Issue" beginning on page 62 of this Draft Red Herring Prospectus.

However, we have accounted for a Contingency Reserve of Rs. 173.99 lacs in the Total Project Cost in order to deal with such contingencies pertaining to our Plant and Machinery procurement and installation.

6. There have been negative operating cash flows for each of the last 5 financial years. Also the operating cash flow reported for the nine month period ended December 31, 2009 is negative. Any future negative cash flows could affect our liquidity and financial position.

We have reported negative operating cash flows of Rs. 153.75 lacs, 334.78 lacs, 243.66 lacs, 645.31 lacs and 738.04 lacs for the financial years ended 2005, 2006, 2007, 2008 and 2009 as compared to a positive profit before tax of Rs. 34.27 lacs, 85.51 lacs, 156.64 lacs, 188.84 lacs and 200.09 lacs for the respective periods. Also the operating cash flow for the nine months period ended December 31, 2009 was negative at Rs. 690.19 lacs as compared to a positive profit before tax of Rs. 645.82 lacs. These differences were mainly on account of increase in inventory holding, receivable levels and advances to suppliers. In the event that our future operating cash flows continue to be negative it may hamper our ability to meet our financial obligations.

For further details please refer to chapters titled "Management's Discussion and Analysis of Financial Condition and Results Of Operations" and "Auditor's Report" beginning on page 170 and 146 respectively of this Draft Red Herring Prospectus.

7. *65.34% of our Company's revenue for the nine months period ended December 31, 2009 was from a limited number of customers.*

For the nine months period ended December 31, 2009, our top ten customers constitute nearly 65.34% of our total revenue. Also, approximately 40% of our revenue for the said period came from the top 3 customers only. Hence, we would be dependent on continuous business from these entities.

We do not have long-term sales contracts with our customers. The sale to each customer is dependent on our ability to manufacture products of acceptable quality that meet the customer's specifications and to deliver such products on a timely basis. In the event of our inability to meet their requirements or expectations for reasons within or beyond our control leading to any loss or significant reduction in business from these customers, would adversely affect our revenues and thereby our profitability.

8. The objects of the issue have not been appraised by any independent agency. Also, the deployment of funds raised thereof is not subject to monitoring by an independent agency. Hence there is a risk of over reliance on management estimates and ability.

Our funding requirements and the deployment of proceeds of the issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. The estimates contained in this Draft Red Herring Prospectus may exceed the value that would have been determined by third party appraisals, which may require us to reschedule the deployment of funds proposed by us and this may have a bearing on our expected revenues and earnings. In case of deviation of utilization of funds raised from the IPO, we shall make an arrangement in accordance with the provisions of the Equity Listing Agreement.

Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by an external independent agency. Hence we face the risk of over reliance on management estimates and ability.

However, the deployment of funds is subject to monitoring by our Audit Committee. For Details regarding the constitution and powers of our Audit Committee see "Corporate Governance" on page 129 of this Draft Red Herring Prospectus.

9. The Company was declared Non-BIFR Sick Industrial unit in 1999 and after the change in management and induction of directors of the Mehta Family, deferment benefits of State and other Liabilities were applied and granted to the Company in 2001. Even though the company has been declared viable in 2006 and has been making regular payments of deferred dues till date, this historical track record could hinder the company in the future from getting higher credit ratings and could affect its ability to raise funds in India and abroad.

The Company was declared Non-BIFR Sick Industrial unit vide Government of Gujarat, Industries and Mines Department Resolution Number - SIU-1098-668-CH under the Scheme for Rehabilitation of Small Scale and Non-BIFR Sick Viable Industries in 1999.

The management of the Company was then changed and all the earlier directors from the "Agarwal Family" were replaced by new directors from the "Mehta Family" in 1999-2000. The Company then applied for and was granted Deferment benefits of State and other Liabilities vide Government of Gujarat Industries Commisionerate's Order No. IC / GBIFR / MEETING / F.NO / 205 / 442 in 2001.

In 2006 the company has become viable and has been making regular payments of deferred dues till date. The deferred dues payments are scheduled to be completed in the year 2011.

The Company has been successful in raising term loans from Punjab National Bank to the tune of Rs. 1475 lacs and has a zero default track record on interest and principal repayments thereof, but the fact that it was once declared a Non-BIFR Sick Industrial unit could hinder the company in the future from getting higher credit ratings and could affect its ability to raise funds in India and abroad, hence, affecting its profitability and financial condition.

10. Our success depends in large part upon our senior management and key personnel and our ability to attract and retain them and if we are not able to retain them there may be an adverse impact on our business operations.

We are highly dependent on our senior management and other key personnel. Our future performance will depend upon availability of continued services of these persons. Competition for senior management in our industry is intense, and we may not be able to retain our senior management personnel or attract and retain new senior management personnel in the future. The loss of any of these key personnel may adversely affect our business and results of operations.

11. Our customers may have weak credit histories which may affect their ability to pay us and adversely affect our financial position and results of operations.

Our customers tend to be Rolling Mill Manufacturers, Other Stainless Steel Product Manufacturers who use Stainless Steel Billets/Blooms as their raw materials, and various Dealers, who are all typically invoiced on a delivery to delivery basis and terms are decided transaction wise. Some of these entities may have had weak credit histories and we cannot assure you that these entities will always be able to pay to us in a timely manner or at all. Any change in the financial position of our customers that adversely affects their ability to pay us may adversely affect our own financial position and results of operations. In addition, there can be no assurance that in the event any customers default on payment, that the existing security arrangements we may have, adequately cover the payments due from them.

However, we are in the business of Stainless Steel Products for over a decade and have very strong relationships with our buyers. We have not experienced any significant bad debts till date.

12. Changes in technology may affect our business by making our equipment or products less competitive or obsolete.

Our future success will depend in part on our ability to respond to technological advances and emerging Stainless Steel Industry standards and practices on a cost-effective and timely basis. Changes in technology and product preferences may make newer Stainless Steel Units or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

13. Demand for Stainless Steel in India may not increase to the same extent as we expect or at all, which may adversely affect our results of operations.

We expect demand for Stainless Steel in India to increase in connection with anticipated increases in India's GDP. However, there can be no assurance that demand for Stainless Steel in India will increase to the extent we expect or at all. In the event that demand for Stainless Steel in India does not increase as we expect, our results of operations and expansion strategy may be materially and adversely affected.

14. Our existing and proposed manufacturing operations are geographically located at one place. Hence, we may face the risk of geographical non-diversification of manufacturing facilities.

Although we exercise centralized control, being a single point manufacturing facility will prove to be disadvantageous at times because of any disruption on account of labor unrest, power failures, natural calamities, or civic unrest. Our operations will have to be stalled which will impact our production, delivery of goods and financial results. Also any changes in market dynamics in the Stainless Steel industry whereby the new market is far from our existing location shall increase our risk of being non-competitive due to lack of geographical diversification.

15. Operations at our existing plant at Halol, Gujarat are susceptible to accidents. This may result in losses to the company and affect our financial condition and reputation.

Improper handling of processes may result in accidents which could cause injuries to our employees, workers and cause damage to properties. During the heating treatment, the heating rate reaches extremely high temperatures (1000 degrees Fahrenheit or 600 degrees Celsius). We also operate cranes from altitudes as high as 50 feet above the burning furnace. Although we have not had any major mishap till date, any mishaps under these conditions may lead to unestimatable losses to the company and its personnel.

Our Company has taken insurance policies which cover certain on site accidents and our employees are covered under the ESIC Policy of the Company but no assurance can be given regarding the claim procedure and disbursement of funds for the same. For further details pertaining to our Insurance Coverage see “Insurance” in the section titled “Our Business” on page 98 of this Draft Red Herring Prospectus.

16. The Company has not entered in to any agreements/contracts for the supply of raw material and other utilities. Risks related to shortfall or non-availability of Raw Material, Fuel supplies and other utilities may adversely affect our manufacturing processes and have an adverse impact on our operations and financial condition.

We procure scrap by importing from USA, UAE and Germany. We also procure through domestic means i.e. through IDOCL (Industrial Development Corporation of Orissa Limited) and other local dealers. Since there is no formal agreement with any of the above mentioned suppliers, we cannot be assured that all our raw material requirements will continue to be met by these suppliers. Our inability to obtain high quality raw materials in a timely and cost-effective manner would cause delays in our production and delivery schedules besides increasing cost of production, which may result in us losing some customers and hence could lead to reduction in revenues.

We purchase our utilities and fuel supplies from the local market from time to time and there are no formal purchase agreements for the same. Hence we also face market risks for each of these products.

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

We currently conduct our operations at our manufacturing facilities at Kalol which are located near to Vadodara in the state of Gujarat. Our 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, labor disputes, 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 are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. We also may shut down plants for capacity expansions and equipment upgrades. This may result into the loss in production and cause inconvenience to our customer which may have adverse impact on the profitability and goodwill of the firm.

18. We are dependent on third-party transportation providers for supply of raw materials and delivery of products. Increase in transport costs, delay or accidents in transportation will affect our manufacturing activities and subsequently our reputation and goodwill in the market.

Transportation strikes by members of various Indian truckers' unions have had in the past, and could also have in the future, an adverse effect on the receipt of raw material and our ability to deliver our products on time. Port strike, disruption of services of railways and/or non-availability of rakes/wagons may affect the material movement leading to stoppage of production/delay in delivery of stocks. In addition, transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business profitability and results of operations. Also, accidents of our third party transportation vehicles could lead to delays in the supply of raw materials or final goods and loss of goods.

We have obtained Insurance for our goods traveling on Third Party Public Carriers, which gives us coverage of upto approximately Rs. 15 lacs on transit risks. However no assurance can be given regarding the claim procedure and disbursement of funds for the same. For further details regarding our Insurance coverage please see "Insurance" in the section titled "Our Business" on page 98 of this Draft Red Herring Prospectus.

19. Our expansion plans require significant expenditure and if we are unable to obtain the necessary funds for expansion, our business may be adversely affected.

Our plan for capacity expansion as referred to in "Objects of the Issue" on page 62 of this Draft Red Herring Prospectus contains project costs and implementation schedules estimated by us. Our expansion plans are subject to a number of contingencies, including foreign exchange fluctuations, changes in laws and regulations, governmental action, delays in obtaining permits or approvals, accidents, natural calamities, terrorist activity and other factors, many of which are beyond our control and may lead to cost and time overruns. Any delay or inability to raise the requisite funds required could increase our contingencies as mentioned above and hence affect our results of operations and financial conditions.

20. Members of our Promoters' Group will continue to hold [●] % of the post issue equity capital and therefore retain significant control in our Company after the Issue.

After this Issue, members of our Promoter group will beneficially own [●] % of our post-Issue Equity Share Capital. As a result, our Promoters' Group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoters' Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

21. We have entered into certain related party transactions and there is no assurance that we may not continue to do so in future also. This could have an adverse effect on our financial condition and results of operation.

Conflicts may arise in the ordinary course of decision making for our company due to the related party transactions entered into by our company with our promoters / members of the promoter group. Among other situations, conflicts may arise in connection with our negotiations and dealings with members of the Promoter and Promoter Group. For example, we have entered into MoU's with Promoters for using their office premises at Vadodara and Mumbai as Marketing offices for which we pay certain compensation to them and this MOU is valid upto 2015. We may face conflicts in negotiating definitive agreements between our promoters and us for the same in the future. For a description of these MoUs, see "Other agreements" in the section titled "History and other corporate matters" on page 119 of this Draft Red Herring Prospectus. Conflicts will also arise in the allocation of resources, including key personnel, contractors and intellectual property, between the Promoter and Promoter group run entities and us.

Also all three of our Promoters are Executive directors of the company and are paid salaries and benefits by the Company. Hence we expect to have a certain amount of ongoing transactions with our promoter group members.

The table below sets forth the details of our transactions with our Promoters and other Group Companies/entities and their relatives for the F.Y. 2008-09 and Nine months period ended on December 31, 2009, on the basis of our financial statements:

RAJPUTANA

As per Accounting Standard - 18, issued by the ICAI, the Company's related parties and transactions with them are as under.

Key Management Personnel	
F.Y. Ended on 31.03.2009	**Nine Months period ended on 31.12.2009**
Mr. Shankarlal D. Mehta (Chairman and Managing Director)	Mr. Shankarlal D. Mehta (Chairman and Managing Director)
Mr. Babulal D. Mehta (Whole Time Director)	Mr. Babulal D. Mehta (Whole Time Director)
Mr. Jayesh N. Pithwa (Executive Director)	Mr. Jayesh N. Pithwa (Executive Director)

Relatives of Key Managerial Personnel	
F.Y. Ended on 31.03.2009	**Nine Months period ended on 31.12.2009**
Surekhben Shankarlal Mehta	Surekhben Shankarlal Mehta
Rohini Mehta	Rohini Mehta
Jayantibhai Sanghvi	Jayantibhai Sanghvi

Associates / Enterprises over which directors and / or their relatives has significant influence

Associates / Enterprises over which directors and / or their relatives have significant influence	
F.Y. Ended on 31.03.2009	**Nine Months period ended on 31.12.2009**
Surya Steel Centre	Surya Steel Centre
Ratnesh Metal Industries Private Limited	Ratnesh Metal Industries Private Limited
Babulal D Mehta (HUF)	Babulal D Mehta (HUF)
Yash steel centre	Yash steel centre

Particulars	F.Y. Ended on 31.03.2009		Nine Months period ended on 31.12.2009	
	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative
Sales				
Surya Steel Centre	34.74	-	44.38	-
Ratnesh Metal Industries Private Limited	2231.65	-	2994.66	-
R.Maganlal & Co.		-		-
Yash steel centre	11.27	-	4.42	-
Purchases				
Ratnesh Metal Industries Private Limited	864.18	-	1231.75	-
Yash Steel Centre	23.10	-	228.70	-

Particulars	F.Y. Ended on 31.03.2009		Nine Months period ended on 31.12.2009	
	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative
Job work from				
Ratnesh Metal Industries Private Limited	224.21	-	351.12	-
Job Work for				
Ratnesh Metal Industries Private Limited	30.79	-	17.26	-
Directors Remuneration				
Mr. Shankarlal D. Mehta	-	8.40	-	8.10
Mr. Babulal D. Mehta	-	4.80	-	4.50
Mr. Jayesh N Pithwa	-	3.60	-	3.60
Salary				
Surekhben Shankarlal Mehta	-	1.80	-	1.35
Rohiniben Ramesh	-	1.80	-	

For further details regarding Related Party Transactions please refer "Annexure XXII" of the Auditors Report on page 164 of this Draft Red Herring Prospectus.

22. Some of our Promoter Group entities have objects similar to that of our Company's business and this could lead to a potential conflict of interest.

Our Promoters Mr. Shankarlal D. Mehta and Mr. Jayesh N. Pithwa are engaged in the Stainless Steel and Scrap Trading Business through their Sole Proprietary firms M/s. Yash Steel Centre, and M/s. R. Maganlal & Co. respectively for over 15 years. Apart from that certain other members of the Promoter's Group and their relatives are also involved in the Stainless Steel Business in various capacities. These could lead to potential conflicts of interests for them and may affect our operations and performance.

23. We have outstanding unsecured loans to the tune of Rs. 834.40 Lac as on December 31, 2009 which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and liquidity position.

As per our audited financial statements, as on December 31, 2009 we have unsecured loan of Rs. 834.40 lacs from Promoters, Promoters' Group members, their relatives, and other outsiders which are all repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and liquidity. For detailed information please refer "Annexure XIV" of the "Auditors Report" on page 160 of this Draft Red Herring Prospectus.

24. We are subject to restrictive covenants in certain short-term and long term debt facilities provided to us by our lenders

We have taken long term and short term credit facilities from Banks and may do so in the future for further fund requirements. As per the signed credit facilities agreements with them, we are subject to certain restrictive covenants and are required to obtain their prior consent for certain issues including raising of capital, declaration of dividend, changes in line of business etc. There can be no assurance that we will be able to obtain lender consents on time or at all. This may limit our ability to pursue our growth plans and limit our flexibility in planning for, or reacting to, changes in our business or industry.

For more information regarding the restrictive covenants see "Restrictive Covenants" in the section titled "Financial Indebtedness" on page 187 of this Draft Red Herring Prospectus.

25. Our insurance coverage may not adequately protect us against certain operating hazards which may have a material adverse effect on our business.

Our insurance policies consist of a comprehensive coverage for risks relating to physical loss or damage. In addition, we have obtained separate insurance coverage for personnel related risks, motor vehicle risks and loss of movable assets risks. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operations of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

For further details regarding our Insurance coverage see "Insurance" in the section titled "Our Business" on page 98 of this Draft Red Herring Prospectus.

26. Contingent liabilities could adversely affect our financial condition.

The Contingent liability of our Company not provided for, as certified by our statutory auditors is as under:

(Rs. In Lacs)

Sr. No.	**Nature of Liability**	**December 31, 2009**
1	Income Tax demand disputed in appeals	60.84

In the event this liability gets crystallized, our financial condition may be affected. For further information see "Annexure XXIV" of the Auditors Report on page 166 of this Draft Red Herring Prospectus.

27. We have not registered the Company's trademark "RSL" and our ability to use the brand name and logo may be impaired.

The "RSL" logo and trademark we use on our Products, packaging, and other important written correspondence has not been registered with any Statutory/ Regulatory authority in our name. We hence face the risk of counterfeiting and duplicity. Also, in case some other entity registers the same logo and name as a trademark we will not be able to make use of the "RSL " trademark, name or logo in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with the same. Accordingly, we may be required to invest significant resources in developing a new brand.

28. Any inability to manage our growth could disrupt our business and reduce our profitability.

By increasing the capacity and by adding new divisions in the plant as is proposed, we will need to continuously develop and improve our financial, internal accounting/management controls, reporting systems and procedures if we have to manage such growth properly. We may not be able to hire, train, supervise and manage sufficient accountants and other technical personnel or develop financial, internal accounting/managerial controls, reporting systems and procedures to manage our expansion effectively. Hence chances are there that the proposed expansion may reduce our existing efficiency which may affect the business operations and profitability of the Company. Eventually this may cause drop in business and affect our financial performance.

29. In the event that the relationship between us and our employees are strained leading to strikes, work stoppages or increased wage demands by our employees or there is a shortage of skilled labour, our business could suffer a negative impact

Our manufacturing activities are labour intensive. The Company's plant is operative during day and night. There are 241 employees in our company and we highly rely on our employees and on the employees' ability to provide high quality services. Our success depends on the continued services and performance of the members of the senior labour team and other key employees. Competition for senior and experienced labour in the industry is intense at present. The loss of the services of our senior labour or other key skilled labour could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition.

Although till date there have not been any strikes or lock outs at our Company's Plant there can be no assurance that relations with skilled and unskilled laborers will remain healthy and hence any shortage of skilled / unskilled labour or any stoppage caused by disagreements with our employees in the future, could affect our ability to meet quality standards in manufacturing and timely completion of orders, which could lead to reduced business.

30. Compliance with environmental regulation imposes additional costs and may affect the results of our operations.

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. We, like other steel manufacturers, 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 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 generation 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. Other laws may require us to investigate and remediate contamination at our properties, including contamination that was caused in whole or in part by previous owners of our properties. While we intend to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may prove restrictive and impose onerous obligations on us.

In addition to potential clean up liability, we may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders. This may result in closure or temporary suspension or adverse restrictions on our operations. We may also, in future, become involved in proceedings with various regulatory authorities that may require us to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. These factors may have adequate impact on our top line and bottom line.

31. The Stainless steel industry is cyclical in nature and factors affecting the demand for, and production of steel affect our results of operations.

The Stainless steel industry is cyclical in nature, sensitive to general economic conditions and the condition of certain other industries. Future economic downturns or stagnant economies conditions in India or our key global markets could adversely affect our business and results of operations. Over the past few years, the demand for Stainless steel has fluctuated and may fluctuate in the future due to a number of factors, including any downturn in purchases by traditional bulk Stainless steel end users such as utensils manufacturers, auto component, automobile and infrastructure industries, slowdown in basic manufacturing and construction industry in India or abroad, availability and price of key raw materials, many of which are beyond our control. Further, China is a major consumer and producer of Stainless steel in the world and any adverse developments therein shall impact the Stainless steel industry globally. Production of Stainless steel has varied from year to year, depending upon demand and consolidation in the industry. Unfavorable changes in the demand for Stainless steel, due to changes in customer preferences, government policies and other factors may adversely affect the steel industry and our business and results of operations.

Demand for our products is sensitive to changes in industry capacity and output levels, cyclical changes in regional and global economic conditions and changes in consumer demand. A downturn in any of the key markets for steel can have a significant impact on the selling prices of our products and on our results of operations.

32. Non-compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, financial condition and results of operations.

Our processes involve heating Steel at extremely high levels and our furnaces operate around the clock and we are hence subject to extensive government and environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the operations of our businesses. These laws and regulations include the Environmental Protection Act 1986, the Air (Prevention and Control of Pollution) Act 1981, the Water (Prevention and Control of Pollution) Act 1974 and other regulations promulgated by the Ministry of Environment and the Pollution Control Boards of Gujarat state. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property.

We believe environmental regulation of industrial activities in India will become more stringent in the future. The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by Government entities and our compliance costs may significantly exceed our estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by Government entities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as revocation of approvals and permits and orders that could limit or halt our operations. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, other liabilities and related litigation, could adversely affect our business, financial condition and results of operations.

33. Price volatility in Raw Material and changes in global steel policies leading to barriers from source nations (from where we may import raw materials) may adversely affect our operations.

The prices of basic raw materials i.e. Scrap has shown high volatility in the recent past. Increase in prices of the raw materials leads to increase in cost of production. In case we are unable to increase the prices of our finished products our margins would be affected and impact the financial performance significantly.

The global steel industry is dependent upon a small set of basic raw materials, including iron ore, scrap, coke, and various alloying elements.

A number of countries have imposed restrictions on import of these raw materials. These restrictions include import prohibitions, import quotas, taxes, and various administrative measures. The overall effect of these restrictions is to raise global raw material prices. These would have an adverse impact on our cost of production which in turn would impact our profitability.

34. We face substantial competition in Stainless Steel products from large manufacturers, with higher infrastructure facilities and financial resources or cost competitive nimble small scale manufacturers which may hurt our shares, sales and profit.

The Indian Steel Industries and in particular Stainless Steel segment in which we operate is highly competitive. We face competition from low cost producers in various small companies specializing in limited segments of the market. A number of our competitors are larger than us and have greater financial resources. We also may face competition from new companies that are emerging, who would then attempt to obtain a share of our existing markets. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have a material adverse effect on our business, results of operations and financial condition. We cannot be certain that we will continue to compete successfully against either current or potential competitors in the future.

35. Our Company does not have any long term sales contract with any customer

Our company's sales take place on the basis of purchase order. We do not have any long term sales contracts with our customers and hence are unable to bind them in a long term relationship with us. Our ability to receive the initial order as well as repeat orders from a customer is dependent on our ability to manufacture products of acceptable quality, at a competitive price and to deliver such products on a timely basis. In case a customer is not satisfied with our product, price or delivery and does not place repeat orders with us, this could adversely affect our sales and financial results. Further, our inability to add new buyers to our sales portfolio may hamper growth of our business and profitability.

EXTERNAL RISK FACTORS

36. After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian Stainless Steel sector and changing perceptions in the market about investments in the Indian Stainless Steel sector, adverse media reports on us or the Indian Stainless Steel sector, and changes in the estimates of our performance or recommendations by financial analysts.

There has been no recent public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

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

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE & NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

38. Future sales of Equity Shares by shareholders or any future equity offerings by us may adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As a purchaser of the Equity Shares, you may experience dilution to your shareholding to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

39. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares of our Company.

The Indian securities markets are smaller than securities markets in more developed economies.
Further, the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares.

In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

40. Changes in current custom duty regulations applying to the import of steel will result in payment of increase prices for raw material could adversely affect our overall performance in terms of demand for our final products due to higher costs and profitability.

The Indian steel industry has been, and still is, protected against competition from imported goods through import duties that are levied by the Indian government. However, the import duties on steel have been reduced in the past and may be subject to further reductions, including as a result of commitments made by India under the World Trade Organization. We cannot assure you that any future change in the import duty regulations will not have an adverse impact on our financial condition and results of operations.

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

We derive substantial portion of our revenues from operations in India and, consequently, our performance and growth is dependent on the state of the overall Indian economy. The Indian economy has shown sustained growth over the last several years, with GDP growing at 7.9% for the second quarter of 2009-10. India's economic growth is likely to slow down in 2009-10. Any slowdown in the Indian economy, and in particular in the demand for Stainless Steel, could adversely affect our business and the businesses of our customers.

42. Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect the Indian stock markets on which our Equity Shares trade. These acts may result in a loss of business confidence, impede travel, movements, of raw material, finished goods, labour and other services and have other consequences that could ultimately have an adverse effect on the Company’s business. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on the Company’s business.

43. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced significant natural disasters in recent years such as earthquakes, tsunami, flooding and drought. India has also experienced pandemics including the outbreak of avian flu, H1N1 etc. The extent, location and severity of these natural disasters determine their impact on the Indian economy and the Company’s business. Further, natural disasters could reduce economic activity in India generally, and adversely affect the Company’s business, through losses incurred on the investments made in companies that might be affected by such natural disasters.

44. Change in the Government of India’s economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the Indian economy. The economic policies of the Government had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in 2009, is a coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

45. Increased Volatility of the Rupee against foreign currencies may have an adverse effect on our results of operations.

While a substantial portion of our revenues is and will be denominated in Rupees, we expect to be able to increase our exports presence and also we regularly import scrap from UAE, USA and Germany. Also we shall be importing certain plant and machinery for the proposed expansion plans. Accordingly, any increased volatility of the Rupee against major world currencies will significantly impact our export transactions as well as our import transactions.

46. Our Company is subject to risk arising from changes in interest rates and banking policies.

Increase interest rates will have a bearing on profitability and credit controls will have effect on our liquidity and will have serious effects on adequate working capital requirements. We are dependent on various banks for arranging of our working capital requirement etc. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on profitability of a company.

47. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

PROMINENT NOTES:

1. Pre and Post Issue Net Worth:

Pre Issue Networth (Based on audit account as on 31st December 2009)	Rs. 2863.39 Lacs
Post Issue Networth	[●]
Issue Size	Issue of [●] Equity Shares of Rs 10 each at Rs [●] (including share premium of Rs. [●] per Equity Shares) aggregating to Rs. 10800 Lacs.
Net Asset Value per share or Book Value (Based on audit account as on 31st December 2009) (Face Value of Rs. 10/- per share)	Rs. 17.98

2. The average cost of acquisition per Equity Share for our Promoters as on the date of the Draft Red Herring Prospectus is as follows:

Name of Promoter	Cost per share (in Rs.)
Mr. Shankarlal D. Mehta	5.56
Mr. Babulal D. Mehta	4.95
Mr. Jayesh N. Pithwa	13.58

3. The Book Running Lead Managers and the Company shall update this Draft Red Herring Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Red Herring Prospectus and commencement of trading thereof.

4. Investors are free to contact the Book Running Lead Managers for any clarification, complaint or information pertaining to the Issue. The BRLMs and the Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.

5. The Company was originally incorporated as "Rajputana Steel Casting Private Limited" on April 2, 1991 under the Companies Act, 1956 (No.1 of 1956). Pursuant to a Shareholders resolution passed on June 01, 2007 the Company became a public limited company and the word "Private" was deleted from its name and a fresh certificate of Incorporation was obtained on June 18, 2007 from Registrar of Companies. The name of the Company was further changed to "Rajputana Stainless Limited" and a fresh Certificate of Incorporation consequent to change in name was obtained on July 12, 2007 from the Registrar of Companies.

6. This Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a

proportionate basis to Non-Institutional Bidders and at least 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 issue price.

7. For details of our related party transactions please refer "Annexure XXII" of the "Auditors Report" on page 164 of this Draft Red Herring Prospectus.

8. There are no financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus.

9. For details regarding share issued for other than cash see "Capital Structure" beginning on page 51 of this Draft Red Herring Prospectus.

10. No part of the Issue proceeds will be paid as consideration to Promoter, Directors, Key Managerial Personnel or persons forming part of Promoter Group.

11. Trading in Equity Shares for all investors shall be in dematerialized form only.

12. For details regarding the liens and hypothecations of our moveable and immoveable property see "Financial Indebtedness" on page 184 of this Draft Red Herring Prospectus.

13. For details regarding our Contingent Liabilities see "Annexure XXIV" of the Auditors Report on page 166 of this Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

The information in this section has been extracted from publicly available documents prepared by various third party sources, including the Government of India and its various ministries and certain multilateral institutions. This data has not been prepared or independently verified by us or the BRLMs or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" in this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

Overview of the Indian Economy and the Indian Stainless Steel Industry

According to the Economist Fact Sheet dated as of July 3, 2009, India, with a population of over 1.14 billion people, had a Gross Domestic Product ("GDP") on a purchasing power parity ("PPP") basis of approximately US$3,363.00 billion in 2008. This made it the fourth largest economy in the world, on a PPP basis, after the United States, China and Japan.

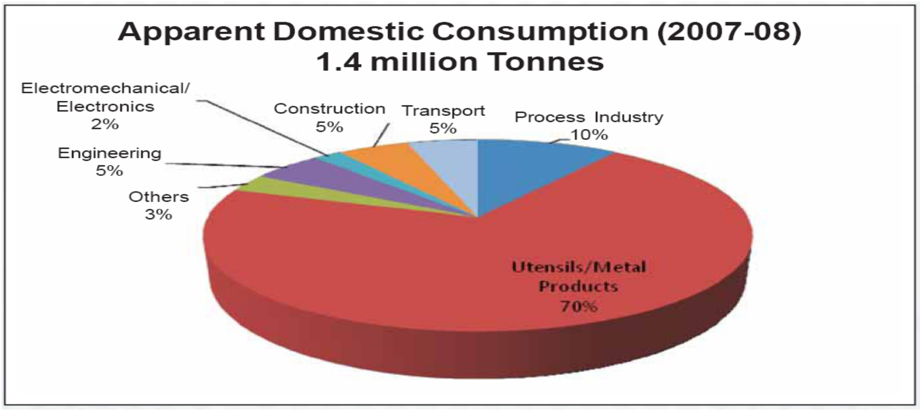
According to the RBI's Macroeconomic and Monetary Developments Third Quarter Review 2009-10 dated as of Jan 28, 2010, India is one of the fastest growing large economies in the world with a GDP growth of 7.9 per cent during the second quarter of 2009-10, Industrial Production growth of 7.6 percent, and a Non-food credit growth of 14.4 per cent. The core infrastructure sector showed a higher growth at 4.8 per cent during April-December 2009, as compared with 3.2 per cent growth in the corresponding period of the previous year. The higher growth was driven mainly by cement, coal, electricity and finished steel. But, Inflation emerged as a major concern during the third quarter, dominated by significant supply factors. On year on year basis, WPI headline inflation in December 2009 was at 7.3 per cent, whereas WPI inflation excluding food articles was 2.1 per cent, which suggests the concentrated nature of the inflation so far. Food items (i.e. primary and manufactured) with a combined weight of 27 per cent in the WPI basket have exhibited 21.9 per cent increase in prices.

The overall economic outlook is, therefore, a mixture of upside prospects of recovery and downside risks. Managing this tradeoff between supporting growth and controlling inflation poses a complex policy challenge.

Stainless Steel industry in India is a key industry for the country with massive growth in population and housing leading to higher demand for domestic and industrial appliances and utensils which are the two major uses of Stainless Steel in India.

According to ISSDA, Stainless Steel Industry has grown approximately @ 14% p.a. over the last 15 years, such that as on 2008 India contributed to approximately 7% of the World Production of Stainless Steel making it the 5th largest producer in the world. Stainless Steel Mill production in India is estimated at 2 million tons (2007-08).

It is estimated that out of the 2 million Tons of Stainless Steel produced in India almost 1.4 million tons gets consumed domestically. The following illustration explains the End-use break up of Stainless Steel in India for 2008:



Source: Indian Stainless Steel Development Association (ISSDA).

A study of end-use pattern for stainless steel in India by ISSDA in 1993 showed that the total use of stainless steel by the construction and transport sectors was less than 1%. In comparison, the western world used 11.6% of end use of stainless steel in construction and 14.9% in transportation. In catering however; India was far ahead of the rest of the world at 75% of end use compared to 36.50% for others.

The consumption pattern has changed since then with many new applications of stainless steel having found acceptance such as Architecture, Buildings & Construction, Automobiles, Railways and Transportation.

SUMMARY OF OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the section entitled "Risk Factors" beginning on page 13 of the Draft Red Herring Prospectus.

OVERVIEW

We are a growing Stainless Steel Manufacturing Unit with an annual installed capacity of 40,000 MT. In addition, we have an in-house Bright Bar manufacturing Unit having an annual installed capacity of 3,600 MT and two Wind Mill Projects at Kutchch and Rajkot respectively having an aggregate existing Power generation capacity of 2.10 MW, which we use for captive power consumption. We are one of the fastest growing manufacturers of high quality Stainless Steel Billets, RCS, Wire Rods, Hexagon, Square, Black & Bright Bars in various grades and sizes.

Our Company's Manufacturing Plant is located at 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals Dist., Gujarat-389330. Our Plant is located on the Vadodara-Indore National Highway and is 55 kms from Vadodara Steel Market and 60 kms from ICD Dashrath Port.

Our Company sells its goods through its Marketing offices located at Vadodara and Mumbai. In addition to that we have various dealers all across India selling our goods. Our customer profile includes Suraj Stainless Ltd., Rajratna Metals and other such Stainless Steel Players.

The Company's Revenues have grown from 3157.29 lacs in fiscal 2005 to Rs. 11281.21 lacs in fiscal 2009, at a CAGR of 37.49%. Our earnings before interest, tax, depreciation and amortization has increased from Rs. 46.21 lacs in 2005 to Rs. 657.69 lacs in 2009, at a CAGR of 94.23%. Our profit after tax has increased from Rs. 9.42 lacs in fiscal 2005 to Rs. 137.62 lacs in fiscal 2009, at a CAGR of 95.50%. This improvement in performance is due to the plant expansion carried out in 2008-09

Currently the company has an in-house Melting Unit, and Bright Bar unit and other facilities such as Drawing, Rolling etc are done by the Company outside on a job work basis. In order to achieve our goal of becoming a leading full-service integrated Stainless Steel Company with presence across the value chain, we are currently exploring options in the form of Forward Integration in the Stainless Steel Industry Value chain and are also considering certain key processes done outside currently to be done in-house for improved productivity and profitability.

We plan to setup our own Rolling Mill at a plot adjacent to our existing production Plant in order to gain the advantages of forward integration. The land procurement for the Rolling Mill Project has been completed and the shed construction for the same has already been started. We are also planning to increase our production capacity of Bright Bars to match the growing demand of this product. Also in order to further benefit from Power savings generated by owning Wind Energy Units we plan to set up one more Wind Mill having a Power generating Capacity of 1.5 MW at Gujarat.

Our Company's Quality Management Systems are certified to be in compliance under ISO 9001:2008 and have been awarded the prestigious "TUV" Certification.

Strengths

We believe we are well positioned to capitalize on the growth opportunity in the Indian Stainless Steel sector due to the following:

- ***We are a well established & mature Stainless Steel Production Unit:***

  From being a small scale production unit having a annual capacity of 3000 MT in 1999 we have grown exponentially to having an annual capacity of 40000 MT and a production of over 13,000 MT for the nine months period ended December 31, 2009. There have been no instances of lock-outs or strikes at our plant and we are very confident of our product and its quality as well as its perception in the market. Since we are setting up our own Rolling Mill, and Bright Bar unit we shall be able to provide complete finish Stainless Steel products right from Scrap to End user, which will in turn show positive effects on our profitability margins.

- ***Abundance of Quality and Low cost Man Power:***

  We currently employ around 241 employees. Most of these employees are local and are on the payroll of the company. Halol being a small town compared to the other major metro cities and towns, the local man power costs are much lesser and hence benefits in cost competitiveness. Also, culturally man power in this area has a lot of industrial work experience due to high amount of Industrial activity from plants such as Panchmahals Steel, General Motors & Tarapuria Steel which are within a radius of 4 kms from our plant.

- ***Easy Availability of Raw Material:***

  We source our Raw Material i.e. Scrap from Domestic as well as International Markets. Our plant is 60 kms from ICD Dashrath Port and hence helps optimize transaction costs and shortage of raw material. Also, there are various local suppliers like Shree Ram Steel, Ratnesh Metal & Co, etc which are at close proximity to our Plant and are regular suppliers of Scrap to us.

- ***Abundant sales and trading experience of the Promoters and Key Management Team:***

  Our Promoter Directors and Key management personnel have over 20 years experience in the manufacturing and trading of Stainless Steel Products and Steel Scrap. They have excellent relations and goodwill in the market. Also both our Marketing Offices i.e. Mumbai and Vadodara are in close proximity to their local Stainless Steel Markets.

- ***Excellent track record and customer relations:***

  We have been supplying Stainless Steel for over 8 years to various Rolling Mills and other Stainless Steel Product manufacturers. Our clientele includes Suraj Stainless Ltd., Rajratna Metals and other such Stainless Steel Players.

DETAILS OF OUR CURRENT BUSINESS AND KEY DEVELOPMENTS

The following table summarizes the various manufacturing and value added facilities and products our plant has and proposes to have:

Facility/Division & Products Offered	Process/Value addition	Current Operational Responsibility	Proposed Operational Responsibility	Status	Proposed changes
Scrap Melting Unit Billets	Induction furnaces are used to melt scrap into molten form	In-house	In-house	Operational	Expansion of installed capacity from 40,000 MT to 60,000 MT & allied Modernisation
AOD Unit and Testing Laboratory Billets	The molten scrap is checked and corrected w.r.t. chemical qualities of Stainless Steel.	In-house	In-house	Operational	Modernisation
Rolling Mill Black Bars, Wire rods, Square, Hexagon Bars etc.	Billets are further hot rolled into desired shapes such as Bars, Wire, Rods, etc.	Outside on job work basis	In-house	Under construction	Proposed In-House Rolling Mill with Annual capacity of 60000 MT.
Bright Bar Unit Bight Bar	Black, Hexagon, Square and other such bars produced at the rolling mill are further drawn and finished into Bright Bars	In-house	In-house	Operational	Capacity Expansion from 3600 Mt to 12000 Mt p.a.
Wind Mills for Captive Power	Commissioned Power generating Wind Mills help offset power consumed at Plant.	Given on Operating Contract to Suzlon	Given on Operating Contract to Suzlon	Operational *(Current aggregate installed capacity is 2.10 MW.)*	1 new Wind Mill proposed to be set up having 1.5 MW Power generating capacity.

SUMMARY OF OUR FINANCIAL INFORMATION

Summary Statement of Assets and Liabilities, As Restated

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
A) FIXED ASSETS						
Gross Block	157.55	267.65	657.53	672.11	2,397.24	2,402.78
Less : Depreciation	55.92	80.06	106.92	153.48	395.03	535.76
Add : Capital Work In Progress				698.19		190.28
Net Block	**101.63**	**187.59**	**550.61**	**1,216.82**	**2,002.21**	**2,057.30**
B) INVESTMENTS	-	-	-	-	-	-
C) CURRENT ASSETS & LOANS & ADVANCES						
Inventories	490.32	1,051.21	1,569.61	1,723.37	2,503.91	5,007.83
Sundry Debtors	685.39	608.26	1,007.93	1,829.26	2,382.92	4,241.07
Cash & Bank Balance	8.82	9.52	12.45	25.52	17.25	11.04
Loan & Advances	53.31	129.93	226.01	647.32	945.07	1123.73
Gross Current Assets	**1237.84**	**1798.92**	**2815.99**	**4225.46**	**5849.17**	**10383.67**
Total Assets	**1339.47**	**1986.52**	**3366.60**	**5442.29**	**7851.38**	**12440.97**
Liabilities and Provisions						
Secured Loan	6.17	101.62	373.67	1466.87	3051.96	3324.57
Unsecured Loan	220.44	447.31	806.97	781.01	37.39	834.40
Deferred Tax Liability	10.06	10.43	57.79	111.78	124.51	144.28
CURRENT LIABILITIES AND PROVISIONS						
a) Current Liabilities	927.26	1045.58	1590.98	2002.88	2296.62	5044.32
b) Provision	55.43	51.78	86.89	147.17	151.06	230.00
Total Current Liabilities	**982.70**	**1097.37**	**1677.88**	**2150.05**	**2447.69**	**5274.32**
Sub Total (A)	**1219.37**	**1656.72**	**2916.31**	**4509.71**	**5661.54**	**9577.58**
Net Worth Represented by: Shareholders Funds:						
Share Capital	130.54	177.03	187.03	224.13	1568.12	1592.50
Share Application Money	0.01	0.01	0.01	0.01		
Reserves and Surplus	25.00	152.75	263.26	708.43	621.72	1270.89
Less: Deferred Tax Assets						
	155.54	**329.79**	**450.30**	**932.58**	**2189.84**	**2863.39**
Less: Profit & Loss Account	(35.44)					
Tangible Net Worth (B)	**120.10**	**329.79**	**450.30**	**932.58**	**2189.84**	**2863.39**
Total Liabilities (A+B)	**1339.47**	**1986.52**	**3366.60**	**5442.29**	**7851.38**	**12440.97**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Summary Statement of Profits and Losses, As Restated

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Income						
Sales						
Of Products manufactured by the Issuer	2977.27	3604.07	6862.83	7861.11	10761.48	17753.00
Of Products traded in by the Issuer	105.00					
Net Sales	3082.27	3604.07	6862.83	7861.11	10761.48	17753.00
Other Income	3.49	3.73	6.85	19.70	214.52	85.10
Increase /(Decrease) in Inventories	71.53	273.71	73.42	313.66	305.21	732.54
Total	**3157.29**	**3881.51**	**6943.10**	**8194.47**	**11281.21**	**18570.64**
Expenditure						
Cost of Production	3010.38	3579.35	6547.79	7681.59	10310.85	17056.13
Staff Costs	24.96	31.56	33.01	51.60	92.55	164.78
Administration expenses	39.43	66.59	74.06	89.05	132.77	147.05
Selling & Distribution expenses	36.30	78.14	79.54	69.66	87.34	121.24
Deferred Revenue Expenses written off						
Total	**3111.08**	**3755.64**	**6734.41**	**7891.91**	**10623.52**	**17489.20**
Profit/(loss) before Interest depreciation and taxes	46.21	125.86	208.69	302.57	657.69	1081.44
Interest and finance charges	1.21	16.21	25.29	67.16	216.05	294.89
Depreciation	10.73	24.14	26.86	46.56	241.55	140.73
Profit before taxes	34.27	85.51	156.54	188.84	200.09	645.82
Restated Provision for taxes						
- Current Income Tax	20.85	13.91	17.39	21.40	48.00	50.00
- Deferred Income Tax	4.00	0.37	47.36	53.99	12.72	19.77
- Fringe Benefit Tax		1.02	1.28	2.23	1.75	
	24.85	**15.30**	**66.03**	**77.61**	**62.47**	**69.77**
Profit/(loss) after tax but before extraordinary items	9.42	70.21	90.51	111.23	137.62	576.05
Restated Profit/(loss) after tax & Extraordinary items	9.42	70.21	90.51	111.23	137.62	576.05
Balance brought forward from previous year	(44.87)	(35.44)	34.77	125.27	236.50	202.35
Balance available for appropriation, as restated	(35.44)	34.77	125.27	236.50	374.12	778.40
Appropriations						
- Balance Appropriated for Bonus Shares					(171.77)	
Total Balance Carried to Balance Sheet	(35.44)	34.77	125.27	236.50	202.35	778.40

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Cash Flows, As Restated

(Rs. in Lacs)

	Particulars	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.12.2009
A.	**Cash flow from operating activities:**						
	Net (loss)/profit before tax but after exceptional/extraordinary items	**34.27**	**85.51**	**156.54**	**188.84**	**200.09**	**645.82**
	Adjustments for:						
	Depreciation	10.73	24.14	26.86	46.56	241.55	140.73
	Interest Expense	1.21	16.21	25.29	67.16	216.05	294.89
	Interest Income	(2.96)	0.00	(0.05)	(0.02)	(11.66)	(7.56)
	Operating profit before working capital changes	**43.24**	**125.86**	**208.64**	**302.55**	**646.03**	**1073.88**
	Adjustments for changes in working capital :						
	- (INCREASE)/DECREASE in Sundry Debtors	(230.45)	77.13	(399.67)	(821.33)	(553.66)	(1858.14)
	- (INCREASE)/DECREASE in Loans & Advances	17.64	(76.62)	(96.08)	(421.31)	(297.76)	(178.65)
	- (INCREASE)/DECREASE in Other Receivables						
	- (INCREASE)/DECREASE in Inventories	(164.21)	(560.89)	(518.40)	(153.76)	(780.54)	(2503.92)
	- INCREASE/(DECREASE) in Current Liabilities	173.79	118.32	545.40	411.90	293.75	2747.70
	- INCREASE/(DECREASE) in Provision	27.08	(3.65)	35.11	60.27	3.90	78.94
	Cash generated from operations	**(132.90)**	**(319.85)**	**(225.00)**	**(621.68)**	**(688.29)**	**(640.19)**
	- Taxes (Paid) / Received (Net of TDS)	(20.85)	(14.93)	(18.67)	(23.62)	(49.75)	(50.00)
	Net cash from operating activities	**(153.75)**	**(334.78)**	**(243.66)**	**(645.31)**	**(738.04)**	**(690.19)**
B.	**Cash flow from Investing activities:**						
	Purchase of fixed assets	(43.97)	(110.10)	(389.88)	(14.58)	(1725.14)	(5.53)
	Capital Work in Progress	0.00	0.00	0.00	(698.19)	698.19	(190.28)
	Interest Received (Revenue)	2.96	0.00	0.05	0.02	11.66	7.56
	Net cash used in investing activities	**(41.00)**	**(110.10)**	**(389.83)**	**(712.75)**	**(1015.28)**	**(188.25)**
C.	**Cash flow from financing activities:**						
	Proceeds from fresh issue of Share Capital (including Share Premium)	76.24	139.48	30.00	371.05	1119.65	97.50
	Share Application Money	(16.66)	0.00	0.00	0.00	(0.01)	0.00
	Increase / (Decrease) Secured Loans	0.68	95.44	272.05	1093.20	1585.09	272.62
	Increase / (Decrease) Unsecured Loans	108.54	226.87	359.66	(25.96)	(743.62)	797.01
	Interest Paid	(1.21)	(16.21)	(25.29)	(67.16)	(216.05)	(294.89)
	Net cash used in financing activities	**167.59**	**445.58**	**636.42**	**1371.13**	**1745.06**	**872.23**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**(27.16)**	**0.70**	**2.93**	**13.07**	**(8.26)**	**(6.21)**
	Cash & cash equivalents at the beginning of the period	35.99	8.82	9.52	12.45	25.52	17.25
	Cash & cash equivalents at the end of the period	8.82	9.52	12.45	25.52	17.25	11.04

Notes

1) During the F. Y. 2008-09, Company has issued 8,731,996 fully paid Bonus shares to the Equity Shareholders by capitalisation of Securities Premium & Profit & Loss account of Rs. 873.1996 lacs.
2) Figures in the bracket indicate cash outflow.
3) Cash Flow Statement is prepared as per indirect method as specified in AS-3 "Cash Flow Statement".

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

THE ISSUE

Issue Structure

No. of Equity Shares to be issued	[●] Equity Shares
Of which:	
-QIB Portion	
- Of which:	
(i) Anchor Investor Portion	Upto [●] Equity Shares
(ii) Net QIB Portion	Upto [●] Equity Shares
- Available for Mutual Funds only	[●] Equity Shares
- Balance of QIB Portion (available for QIB's including Mutual Funds)	[●] Equity Shares
- Non-Institutional Portion	Not less than [●] Equity Shares
- Retail Portion	Not less than [●] Equity Shares

Allocation to all categories shall be made on a proportionate basis.

For further details regarding the issue structure see "Issue Structure" on page 212 of this Draft Red Herring Prospectus.

Pre and Post Issue Equity Shares

Equity Shares outstanding prior to the Issue	15,924,952
Equity Shares outstanding after the Issue	[●]

Use of Proceeds

See "Objects of the Issue" on page 62 of this Draft Red Herring Prospectus for information about the use of the Issue proceeds.

GENERAL INFORMATION

Registered Office of the Company	Marketing Offices of the Company
Rajputana Stainless Limited 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals District, Gujarat- 389330, India. Tel No: +91-2676-326944 Fax No: +91-2676-236327 Email: compliance@ rajputanastainless.com Website: http://www.rajputanastainless.com Registration Number: 15331/1991 Corporate Identification Number: U27109GJ1991PLC015331	**Rajputana Stainless Limited** C/o R. Maganlal & Co. 17/19, Kanti Bhuvan, 1st Parsiwada lane Near V.P. Road, Mumbai- 400004 Tel: +91-22-238781402 Tele Fax: +91-22-23871402 **Rajputana Stainless Limited** C/o Yash Steel Centre 202, Martand Complex, Near Apsara Cinema Pratap Nagar Road Vadodara-390004 Gujarat Tele: +91-265-3014817 Fax: +91-265-2422321

Address of the Registrar of Companies

Our Company is registered at the Registrar of Companies, Gujarat, located at the following address:

Registrar of Companies, Gujarat
ROC Bhavan,
Opp. Rupal Park Society,
Behind Ankur Bus Stop,
Naranpura, Ahemadabad - 380013
Gujarat, India.
Tel No: 079-27437597

Company Secretary & Compliance Officer

Our Company Secretary and Compliance Officer is Mr. Amitabh Kumar Dubey. His contact details are as follows:
Rajputana Stainless Limited
213, Madhwas, Halol Kalol Road,
Kalol, Panchmahals District,
Gujarat - 389330, India.
Tel No: +91-2676-326644
Fax No: +91-2676-236327
Email: compliance@ rajputanastainless.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

Board of Directors

The Company's Board of Directors comprises the following:

Name and Designation	DIN
Mr. Shankarlal Deepchand Mehta S/o Late Mr. Deepchand J. Mehta Chairman & Managing Director	02656381
Mr. Babulal Deepchand Mehta S/o Late Mr. Deepchand J. Mehta Whole Time Director	02656396
Mr. Jayesh Natvarlal Pithwa S/o Mr. Natvarlal Pithwa Executive Director	01531196
Mr. Sundaram Ramamurthi S/o Mr. Sundaram Nalasayam Independent Non Executive Director	00135602
Mr. Jashvant Chinubhai Patel S/o Mr. Chinubhai Patel Independent Non-Executive Director	02937888
Mr. D.K.Vyas S/o Mr. Kumar Vyas Independent Non-Executive Director	03111604

For further details of our Directors, see "Our Management" on page 124 of this Draft Red Herring Prospectus.

Names of Designated Stock Exchange

Bombay Stock Exchange Limited.
P. J. Towers, Dalal Street
Fort, Mumbai 400 001

Issue Opens on **[●]**

Issue Closes on **[●]**

Book Running Lead Managers

Aryaman Financial Services Ltd
60, Khatau Building, Gr. Floor,
Alkesh Dinesh Modi Marg,
Opp. P.J.Tower (BSE Bldg.), Fort,
Mumbai – 400001. India.
Tel. No.: +91-22-22618264
Fax No.: +91-22-22630434
Email: info@afsl.co.in
aryaman_limited@rediffmail.com
Website: www.afsl.co.in
Contact Person: Mr. Deepak Biyani
SEBI Registration No. INM000011344

Nirbhay Capital Services Pvt. Ltd.
201, Maruti Crystal,
Opp. Rajpath Club, S.G.Road,
Ahemadabad – 380 054. India
Tel. No. : +91-79-26870649
Fax No.: +91-79-26870228
Email: info@nirbhaycapital.com
Website: www.nirbhaycapital.com
Contact Person: Mr. Himanshu Nadiyana
SEBI Registration No. INM000011393

Registrar to the Issue

Adroit Corporate Services Ltd.
19-20 Jaffer Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (E),
Mumbai – 400059
Tel. No.: 91-22-2859 4060
Fax No.: 91-22-2847 5207
Web: www.adroitcorporate.com
Email: ipo@adroitcorporate.com
Contact Person: Mrs. Veena Shetty
SEBI Registration No. INR000002227

Legal Advisor to the Issue

M. R. Patel & Associates.
A-114, Ashwamegh Complex,
Opp. Sayaji Vihar Club,
Rajmahal Road,
Vadodara – 01, Gujarat
Tel. No.: 91-265-2428643
Fax No.: 91-265-2428643
Email: ashugpatel@yahoo.co.in
Contact Person: Mr. Ashutosh G. Patel

Statutory Auditors of the Company

R.K.Raman & Co.
Chartered Accountants
79, Nageshwar Society,
Opp. Vrundavan Township,
Near Sangam Char Rasta,
Harni Road, Vadodara – 390006.
Tel. No: +91-265-2466885
Fax No.:+91-265-2466885
Email: rkrcom@gmail.com
Contact Person: Mr. R. Kothandaram.

Independent Auditor (Peer Review Certificate)*

Vikas A. Manohar & Co.
Chartered Accountants
101, Shagun Apartments,
42/A, Shivmahal Society,
Behind Malhar Point,
Old Padra Road,
Vadodara - 390015
Tel. No.: +91-265-2350108
Fax No.: +91-265-3054828
Email: fca.fcs@gmail.com
Contact Person: Vikas A. Manohar

* M/s. Vikas A. Manohar & Co. holds a Peer Review Certificate issued by the Institute of Chartered Accountants of India, New Delhi

Bankers to the Company

Punjab National Bank
Surat Main Branch,
1st Floor, Meghani Tower,
Station Road, Surat – 395003,
Gujarat.
Tel. No.: +91-261-2411037
Fax No.: +91-261-2422112
Web: www.pnbindia.com
Email: bo0435@pnb.co.in
Contact Person: Mr. Gurpreet Singh

IDBI Bank
1st Floor, IDBI Complex,
Near Lal Bungalow, Off. C.G.Road,
Ahmedabad – 380006. Gujarat.
Tel No.: +91-79-66072705
Fax No.: +91-79-26400814
Web: www.idbi.com
Email: ranjeet.soni@idbi.co.in
Contact Person: Mr. Ranjeet Soni

Syndicate Member(s)

[●]

Bankers to the Issue and Escrow Collection Bank(s)

[●]

Refund Banker to the Issue

[●]

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

Self Certified Syndicate Banks

[●]

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

Statement of Responsibility of the Book Running Lead Manager

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	Joint Responsibility of AFSL & NCSPL	NCSPL
2.	Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalization of Prospectus and ROC filing.	Joint Responsibility of AFSL & NCSPL	AFSL
3.	Primary Co-ordination with SEBI, ROC and Stock Exchanges for all activities pertaining to the issue	Joint Responsibility of AFSL & NCSPL	AFSL
4.	Drafting and approval of all statutory advertisement	Joint Responsibility of AFSL & NCSPL	NCSPL
5.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 4 above including corporate advertisement, brochure etc.	Joint Responsibility of AFSL & NCSPL	NCSPL
6.	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency and Bankers to the Issue	Joint Responsibility of AFSL & NCSPL	AFSL
7.	Institutional Marketing strategy • Preparation of Road show presentation • Finalize the list and division of investors for one to one meetings, in consultation with the	Joint Responsibility of AFSL & NCSPL	NCSPL

Sr. No.	Activity	Responsibility	Co-ordination
	Company, and • Finalizing the International road show schedule and investor meeting schedules		
8.	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalize Media and PR strategy • Finalizing centers for holding conferences for press and brokers • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material	Joint Responsibility of AFSL & NCSPL	NCSPL
9.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.	Joint Responsibility of AFSL & NCSPL	AFSL
10.	Finalization of Pricing, in consultation with the Company	Joint Responsibility of AFSL & NCSPL	NCSPL
11.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Issue activities for the Issue involving essential follow up steps, which include the finalization of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the registrar's to the Issue and Bankers to the Issue, SCSBs and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Joint Responsibility of AFSL & NCSPL	AFSL
12.	In case of under-subscription in an Issue, invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued.	Joint Responsibility of AFSL & NCSPL	NCSPL

Note:

- "AFSL" denotes Aryaman Financial Services Limited
- "NCSPL" denotes Nirbhay Capital Services Private Limited

IPO grading

The Company has appointed [●] for Grading of this IPO and Grading is awaited from their side. The rationale for the grade awarded by [●] will also be incorporated after receipt of the grade from [●].

Credit Rating

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

Trustees

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

Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below Rs. 500.00 Crore. Since the Issue size is only of Rs. 108 Crore, the Company has not appointed any monitoring agency for this issue.

However, as per Clause 49 of the Listing Agreement to be entered into with stock exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of the company, would be monitoring the utilization of the proceeds of the issue.

Project Appraisal

The objects of the issue and deployment of funds are not appraised by any independent agency/bank/financial institution.

Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

1) The Company;
2) Book Running Lead Managers;
3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM's;
4) Escrow Collection Banks; and
5) Registrar to the Issue.

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

Our Company shall comply with Regulations issued by SEBI for this Issue. In this regard, our Company has appointed M/s. Aryaman Financial Services Limited and M/s. Nirbhay Capital Services Private Limited, as the BRLMs to manage the Issue and to procure subscription to the Issue.

Under the SEBI Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In addition, QIBs are required to pay the QIB Margin Amount, representing at least 100% of the Bid Amount, upon submission of their Bids. Allocation to QIBs will be on a proportionate basis. For details, please refer the chapter titled 'Issue Structure' beginning on page 212 of this Draft Red Herring Prospectus.

Resident Retail Individual Bidders have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than transfer of funds to the respective Escrow Accounts. For details, please refer "Issue Procedure" beginning on page 215 of the Draft Red Herring Prospectus.

The process of book building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 25 to Rs. 30 per share, Issue size of 3000 equity shares and receipt of six bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com). The illustrative table as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

No. of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	30	500	16.67%
750	29	1250	41.66%
1000	28	2250	75.00%
750	27	3000	100.00%
2750	26	5750	191.66%
2500	25	8250	275.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 27 in the above example. The Issuer in consultation with the BRLMs will finalize the issue price at or below such cut off price i.e. at or below Rs. 27. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective categories.

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a Bid. Please refer to 'Issue Procedure- Who Can Bid as an ASBA Investor' and "Issue Procedure – Who can bid" on pages 215 and 224 of this Draft Red Herring Prospectus respectively;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form, including the ASBA Form is duly completed as per the instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form; and
- Provide PAN card details on the Bid cum Application Form / ASBA Form without which the documents will be considered incomplete and are liable to be rejected. It is to be specifically

noted that Bidders should not provide the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

- The Bidder should ensure the correctness of his or her Demographic Details (as defined in 'Issue Procedure-Bidder's Depository Account Details and Bank Account Details' on page 240 of this Draft Red Herring Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant so as to ensure receipt of allotment advice/refund orders with correct details at his/her present address

For further details, please refer the chapter titled 'Issue Procedure' beginning on page 215 of this Draft Red Herring Prospectus.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements would have appeared and our Company shall also promptly inform the Stock Exchange. If our 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.

In terms of the SEBI -Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Bid/Issue Programme

BID/ ISSUE OPENS ON: [●]

BID/ ISSUE CLOSES ON: [●]

Our Company may consider participation by Anchor Investors for upto [●] Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted only between **10.00 a.m.** and **3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date (excluding ASBA Bidders), Bids shall be accepted only between **10.00 a.m. to 1.00 p.m.** (Indian Standard Time) and uploaded till

(i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and where the Bid Amount is in excess of Rs. 100,000 and
(ii) till such 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 3.00 p.m. (Indian Standard Time) 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 be uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Company, the BRLM and the members of the Syndicate shall not be responsible for this. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 120 % of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20 % of the floor of the Price Band advertised at least one day before the Bid/Issue opening date.

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

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. Pursuant to the terms of the Underwriting Agreement, if entered into, the BRLM's shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter including through its syndicates / sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Company has not yet appointed or discussed with any underwriters nor have any underwriter indicated their intention to underwrite any of the Equity Shares offered in the Issue
(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

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

CAPITAL STRUCTURE

The share capital of the Company as at the date of filing this Draft Red Herring Prospectus, before and after the Issue, is set forth below.

(Rs. in lacs, except share data)

		Aggregate Nominal value	Aggregate Value at Issue Price
A	**Authorised Share Capital**		
	30,000,000 Equity Shares of face value of Rs. 10/- each	3000.00	
B	**Issued, Subscribed & Paid-up Share Capital before the Issue**		
	15,924,952 Equity Shares	1592.49	
C	**Present Issue in terms of this Draft Red Herring Prospectus***		
	Fresh Issue of [●] *Equity Shares*	[●]	[●]
	Of which		
	QIB Portion		
	Up to [●] Equity Shares	[●]	[●]
	Non-Institutional Portion		
	Not less than [●] Equity Shares	[●]	[●]
	Retail Portion		
	Not less than [●] Equity Shares	[●]	[●]
D	**Equity Share Capital after the Issue**		
	[●] Equity Shares	[●]	[●]
E	**Share Premium Account**		
	Before the issue	49,248,750	
	After the Issue#	[●]	[●]

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

**The present issue has been authorized pursuant to a resolution of our Board dated 26-02-2010 and by special resolution passed under Section 81(1A) of the Companies Act, 1956 at an Extra-ordinary General Meeting of our shareholders held on 24-03-2010.*

Changes in Authorized Share Capital

Sr. No	Date and Type of Shareholders Meeting approving the change	Nature of Change	Increase (No. of shares)	Cumulative No. of Equity Shares	Face Value (Rs.)	Cumulative Authorised Share Capital (Rs.)
1	-	Incorporation	-	20,000	100	2,000,000
2	EGM held on February 25, 2000	Increase	80,000	100,000	100	10,000,000
3	EGM held on March 22, 2005	Increase	100,000	200,000	100	20,000,000
4	EGM held on November 1, 2007*	Increase	2,000,000	4,000,000	10	40,000,000

5	EGM held on October 1, 2008	Increase	16,000,000	20,000,000	10	200,000,000
6	EGM held on March 24, 2010	Increase	10,000,000	30,000,000	10	300,000,000

* The existing 200,000 equity shares of Rs. 100 each were sub-divided into 2,000,000 Equity shares of Rs. 10 each on September 29, 2007

Our Company may consider participation by Anchor Investors for allotment upto [●] Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The allocation to Anchor Investors shall be a portion of the Net Issue, being up to 30% of the portion available to QIBs, being [●] Equity Shares.

Notes to the Capital Structure:

1. Share Capital History of our Company:

a) Equity Share Capital

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

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Conside-ration	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
02/04/1991	20	100	100	Subscription to MOA	Cash	20	2,000	0
13/11/1992	700	100	100	Further Allotment	Cash	720	72,000	0
29/03/1993	14280	100	100	Further Allotment	Cash	15,000	1,500,000	0
31/03/1996	10	100	100	Further Allotment	Cash	15,010	1,501,000	0
24/03/2001	27637	100	100	Further Allotment	Cash	42,647	4,264,700	0
31/03/2004	36650	100	100	Further Allotment	Cash	79,297	7,929,700	0
31/03/2005	26240	100	100	Further Allotment	Cash	105,537	10,553,700	0
31/03/2005	25000	100	200	Further Allotment	Cash	130,537	13,053,700	2,500,000
31/03/2006	46492	100	300	Further Allotment	Cash	177,029	17,702,900	11,798,400
19/03/2007	10000	100	300	Further Allotment	Cash	187,029	18,702,900	13,798,400
29/09/2007		10		Reduction in Face Value from Rs. 100/- to Rs. 10/-	Reduction in Face Value	1,870,290	18,702,900	13,798,400
31/03/2008	371050	10	100	Further Allotment	Cash	2,241,340	22,413,400	47,192,900

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Conside-ration	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
31/08/2008	255000	10	100	Further Allotment	Cash	2,496,340	24,963,400	70,142,900
15/10/2008	3324991	10	10	Further Allotment	Cash	5,821,331	58,213,310	70,142,900
15/02/2009	8731996	10	0	Bonus Issue in the ratio of 3 equity shares for every 2 equity shares held.	Bonus Issue	14,553,327	145,533,270	0
30/03/2009	992875	10	40	Further Allotment	Cash	15,546,202	155,462,020	29,786,250
31/03/2009	135000	10	100	Further Allotment	Cash	15,681,202	156,812,020	41,936,250
15/05/2009	243750	10	40	Further Allotment	Cash	15,924,952	159,249,520	49,248,750

* *On 29-09-2007 the company changed the face value of its share from Rs. 100 each to Rs. 10 each.*

** *Bonus Equity shares have been issued to all our Shareholders out of the general reserves and surplus in profit and loss account by capitalizing Rs. 8,73,19,960.*

b) Shares allotted for consideration other than cash

The following shares were allotted for consideration other than cash:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Consideration
15/02/2009	8731996	10	-	Bonus Issue	Bonus Issue

* *Bonus Equity shares have been issued to all our Shareholders out of the general reserves and surplus in profit and loss account by capitalizing Rs. 8,73,19,960.*

No bonus shares have been issued out of Revaluation reserves.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956. Our Company has not made any issue of Equity Shares during the preceding one year from the date of the Draft Red Herring Prospectus at a price lower than the Issue Price.

c) History & Share Capital Build-up of the Promoters

Our Promoters have been allotted Equity Shares and have entered into Purchase/Sale Transactions of the Company's Equity shares from time to time. The following is the Equity share capital build-up of our Promoters:

Date of Allotment / Transfer	Allot-ment / Transfer	Conside-ration (Cash, Bonus, Kind, etc.)	No. of Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
(i) Shankarlal D. Mehta							
24/03/2001	Allotment	Cash	5000	100	100		[●]
31/03/2005	Allotment	Cash	2000	100	100		[●]
31/03/2006	Allotment	Cash	38716	100	300		[●]
19/03/2007	Allotment	Cash	10000	100	300		[●]
29/09/2007	Sub-division	Reduction in Face Value from Rs. 100/- to Rs. 10	557160	10	-	3.50%	[●]
31/03/2008	Allotment	Cash	29150	10	100	0.18%	[●]
15/10/2008	Allotment	Cash	3000000	10	10	18.84%	[●]
15/02/2009	Allotment	Bonus	5379465	10	-	33.78%	[●]
20/09/2009	Transfer	Inherited	46688	10	-	0.29%	[●]
30/09/2009	Transfer	Cash	428750	10	10	2.70%	[●]
			9441213			**59.29%**	[●]
(ii) Babulal D. Mehta							
24/03/2001	Allotment	Cash	6000	100	100		[●]
31/03/2004	Allotment	Cash	1500	100	100		[●]
31/03/2005	Allotment	Cash	1500	100	100		[●]
31/03/2006	Allotment	Cash	4350	100	300		[●]
29/09/2007	Sub-division	Reduction in Face Value from Rs. 100/- to Rs. 10	133500	10	-	0.84%	[●]
15/10/2008	Allotment	Cash	135830	10	10	0.85%	[●]
15/02/2009	Allotment	Bonus	403995	10	-	2.54%	[●]
20/09/2009	Transfer	Inherited	46688	10	-	0.29%	[●]
			720013			**4.52%**	[●]
(iii) Jayesh N. Pithwa							
31/03/2008	Allotment	Cash	10300	10	100	0.06%	[●]
15/02/2009	Allotment	Bonus	15450	10	-	0.10%	[●]
30/09/2009	Transfer	Cash	189750	10	10	1.19%	[●]
			215500			**1.35%**	[●]
			10376726			**65.16%**	[●]

* *On 29-09-2007 the company changed the face value of its share from Rs. 100 each to Rs. 10 each.*

*** Bonus Equity shares have been issued to all our Shareholders out of the general reserves and surplus in profit and loss account by capitalizing Rs. 8,73,19,960.*

d) Details regarding Transactions of the Promoter Group/Directors and their immediate relatives of the Equity shares of our Company within the last six months

There are no transactions in the shares of our Company in the last six months from the date of this Draft Red Herring Prospectus.

e) None of the persons from the promoter group & the directors of the company & their relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

2. Promoters Contribution and Lock-In:

a) Details of Promoters Contribution locked-in for 3 years

Pursuant to the Regulation 32(1) and 36(a) of the SEBI Regulations, an aggregate 20% of the Post-Issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment of Equity Shares in this Issue. The details of the Promoters' Equity Shares locked-in for a period of three years are as follows:

Name of Promoters of Promoter's Group	Date of Allotment / Transfer	Nature of Transaction	No. of Equity Shares	Face Value	Issue/ Transfer Price	% of Post Issue Paid up Capital	Lock-in Period from the date of Public Issue Allotment
Mr. Shankarlal D. Mehta	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Mr. Babulal D. Mehta	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Mr. Jayesh N. Pithwa	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total			[●]			[●]	[●]

(The aforesaid table will be finalized after the issue price and the number of shares to be issued is finalized in prospectus.)

The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 (1) of the SEBI Regulations as discussed below:

Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI Regulations. Our Promoter has given their written undertaking for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of 3 years from the date of Allotment of Equity Shares in the proposed Issue.

In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of the Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft Red Herring Prospectus.

We further confirm that the minimum Promoter contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

b) Details of Shares locked-in for one year:

- Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of allotment in this Issue.

- The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate as per Regulation 35(2) of the SEBI Regulations.

- Further, Equity Shares allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.

- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

3. Pre-Issue and Post Issue Shareholding of our Promoters and Promoter's Group

Set forth is the shareholding of our Promoters and Promoter's Group before and after the proposed issue:

Sr. No.	Name of Shareholder	No. of Equity Shares	as a% of Issued Equity	No. of Equity Shares	as a% of Issued Equity
A	**Promoters**				
1	Shankarlal D. Mehta	9441213	59.29%	9441213	[●]
2	Babulal D. Mehta	720013	4.52%	720013	[●]
3	Jayesh N. Pithwa	215500	1.35%	215500	[●]
	Total (A)	**10376726**	**65.16%**	**10376726**	[●]
B	**Promoter Group, Relatives and Other Associates acting in Concert**				
4	Babulal D. Mehta HUF	212800	1.34%	212800	[●]
5	Bhaguben B. Mehta	478166	3.00%	478166	[●]
6	Girish B. Mehta	48500	0.30%	48500	[●]
7	Hetal J. Pithwa	292000	1.83%	292000	[●]
8	Kalpesh B. Mehta	107750	0.68%	107750	[●]
9	Motilal D. Mehta	396412	2.49%	396412	[●]
10	Motilal D. Mehta HUF	154000	0.97%	154000	[●]
11	Natvarlal Pithwa	272000	1.71%	272000	[●]
12	Nirmalaben N. Pithwa	275500	1.73%	275500	[●]
13	Pinky Jain	6875	0.04%	6875	[●]
14	Ramesh D. Mehta	358062	2.25%	358062	[●]
15	Ramesh D. Mehta HUF	150665	0.95%	150665	[●]
16	Vikram M. Mehta	152000	0.95%	152000	[●]
17	Jayanti M. Sanghavi	87500	0.55%	87500	[●]
18	Kamla M. Mehta	145000	0.91%	145000	[●]
19	Mahendra M. Mehta	81200	0.51%	81200	[●]
20	Rohiniben R. Mehta	100000	0.63%	100000	[●]
	Total (B)	**3318430**	**20.84%**	**3318430**	[●]
	Total (A+B)	**13695156**	**86.00%**	**13695156**	[●]

4. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of filing of this Draft Red Herring Prospectus:

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares Held in Demat Form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of Total no. of shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals/ Hindu Undivided Family	20	13695156	-	86.00%	86.00%	-	-
Bodies Corporate	-	-	-	0.00%	0.00%	-	-
Sub Total	**20**	**13695156**	**-**	**86.00%**	**86.00%**	**-**	**-**
(2) Foreign			-	0.00%	0.00%	-	-
Total Shareholding of Promoter and Promoter Group (A)	**20**	**13695156**	**-**	**86.00%**	**86.00%**	**-**	**-**
(B) Public Shareholding							
(1) Institutions			-	0.00%	0.00%	-	-
(2) Non-Institutions			-	0.00%	0.00%	-	-
Bodies Corporate	1	2123375	-	13.33%	13.33%	-	-
Individuals	**3**	**106421**	**-**	**0.67%**	**0.67%**	**-**	**-**
Individual shareholders holding nominal share capital upto Rs. 1 lakh	1	8750	-	0.05%	0.05%	-	-
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2	97671	-	0.61%	0.61%	-	-
NRI's / OCB's			-	0.00%	0.00%	-	-
Others			-	0.00%	0.00%	-	-
Total Public Shareholding (B)	**4**	**2229796**	**-**	**14.00%**	**14.00%**	**-**	**-**
Total (A+B)	**24**	**15924952**	-	100.00%	100.00%	-	-
(C) Shares held by Custodians and against which Depositary receipts have been issued	**-**	**-**	**-**	**-**	0.00%	-	-
Total (A+B+C)	**24**	**15924952**	-	**-**	100.00%	-	-

5. Neither the Company, its promoters, its Directors, nor the BRLMs have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.

6. The top ten shareholders of our Company and their Shareholding is as set forth below:

a. The top ten Shareholders of our Company as on the date of filing of this Draft Red Herring Prospectus are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Shankarlal D. Mehta	9441213	59.29
2	Sera Organics Pvt. Ltd.	2123375	13.33
3	Babulal D. Mehta	720013	4.52
4	Bhaguben B. Mehta	478166	3.00
5	Motilal D. Mehta	396412	2.49
6	Rameshbhai D. Mehta	358062	2.25
7	Hetal J. Pithwa	292000	1.83
8	Nirmalaben N. Pithwa	275500	1.73
9	Natvarlal V. Pithwa	272000	1.71
10	Jayesh N. Pithwa	215500	1.35
Totals		**14572241**	**91.51**

b. The top ten Shareholders of our Company two (2) years prior to date of filing this Draft Red Herring Prospectus with SEBI are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Shankarlal D. Mehta	557160	24.86
2	Ashok Kumar Jain	250000	11.15
3	Bhupendra J. Doshi	133610	5.96
4	Babulal D. Mehta	133500	5.96
5	Deepchand J. Mehta	64700	2.89
6	Motilal D. Mehta	64500	2.88
7	Bhaguben B. Mehta	60960	2.72
8	Om Prakash Agarwal	52000	2.32
9	Jeevraj G. Mehta	51480	2.30
10	Rameshbhai D. Mehta	50000	2.23
Totals		**1417910**	**63.26**

c. The top ten Shareholders of our Company ten (10) days prior to date of filing this Draft Red Herring Prospectus with SEBI are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Shankarlal D. Mehta	9441213	59.29
2	Sera Organics Pvt. Ltd.	2123375	13.33
3	Babulal D. Mehta	720013	4.52
4	Bhaguben B. Mehta	478166	3.00
5	Motilal D. Mehta	396412	2.49

6	Rameshbhai D. Mehta	358062	2.25
7	Hetal J. Pithwa	292000	1.83
8	Nirmalaben N. Pithwa	275500	1.73
9	Natvarlal V. Pithwa	272000	1.71
10	Jayesh N. Pithwa	215500	1.35
Totals		**14572241**	**91.51**

7. None of our Directors or Key managerial personnel hold Equity Shares in the Company, except as stated in the section titled "Our Management" beginning on page 124 of this Draft Red Herring Prospectus

8. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

9. This Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price.

10. Under-subscription, if any, in the QIB category shall be allowed to be met with spill over from other categories or combination of categories by our Company and the BRLM in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.

11. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of filing of this Draft Red Herring Prospectus the entire pre-issue share capital of the Company has been made fully paid up

12. The BRLMs and their associated do not directly or indirectly hold any shares of the Company.

13. As on date of filing this DRHP, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.

14. As of the date of filing of this Draft Red Herring Prospectus the total number of holders of the Equity Shares is 24.

15. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Red Herring Prospectus.

16. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.

17. Our Company has not raised any bridge loan against the proceeds of the Issue.

18. The Company has no proposals, intentions, negotiations or considerations to alter its capital structure by way of split or consolidation of the denomination of its equity shares. or issue any securities on a preferential basis or issue of bonus or rights or further public issue or qualified institutional placement within a period of six months from the date of opening of this issue.

19. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

20. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.

OBJECTS OF THE ISSUE

The proceeds from the Issue of shares are intended to be used to:

1) Finance the Expansion and Modernisation of various existing and proposed Manufacturing Facilities at Kalol.
2) Finance the Setting up of Wind Energy unit with a proposed power capacity of 1.5 MW p.a.
3) Part finances the Long Term Working Capital Requirements of the Company.
4) Meet the Issue Expenses.
5) General Corporate Purposes.

Additionally, the object of the Issue is to achieve the benefits of listing on the Bombay Stock Exchange and the National Stock Exchange. We believe that listing will enhance our Company's brand name and provide liquidity to our Company's existing shareholders and provide a public market for the Equity Shares in India.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

The following table summarizes the intended use of the proceeds of the Issue:

Particulars	Amount (Rs. in Lacs)
Finance the Expansion and Modernisation of various existing and proposed Manufacturing Facilities at Halol. (incl. contingencies)	3655.30
Finance the Setting up of Wind Energy units at Gujarat	1000.00
Part funding the Working Capital Requirements	[●]
Issue Expenses*	[●]
General Corporate Purposes*	[●]
Total	[●]

** Amount of Issue expenses and General corporate purposes will be decided after the finalisation of Issue Price.*

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. We may have to revise our estimated costs, funding allocation and fund requirements owing to factors such as exchange or interest rate fluctuations, escalation in costs, changes in design or configuration of the projects, changes in regulations or regulatory approvals, other preoperative expenses and other external factors which may not be within the control of our management. This may entail revising the planned expenditure and deployment schedule for the Identified Projects. See "Risk Factors" on page 13 of this Draft Red Herring Prospectus.

In case the IPO gets deferred or delayed, the Company might consider borrowing funds for the same. In such a case the proceeds of the Issue would be utilized in repaying the debts taken for the above purposes.

In the event of a shortfall in raising the requisite capital from the Net Proceeds of the Issue towards meeting the objects of the Issue, the shortfall will be satisfied by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. Further, in the event of any shortfall of funds for any of the projects within the Identified Projects, we may decide to reallocate the Net Proceeds from other projects within the Identified Projects, to the projects where such shortfall has arisen.

In the event any surplus is left out of the Issue proceeds after meeting all the aforesaid objectives, such surplus Issue proceeds will be used for general corporate purposes including for meeting future growth opportunities.

All the plant and machinery required to be purchased pursuant to the objects of the Issue is proposed to be new plant & machinery, and there is no intention on our part to purchase any second hand plant or machinery.

FUND REQUIREMENTS

Sr. No.	Particulars / Project	Amount (Rs. in Lacs)
A.	Capacity Expansion and Modernisation of Existing Melting Unit (40000 Mt to 60000 Mt p.a.)	735.17
B.	Capacity Expansion of Existing Bright Bar Unit (3600 Mt to 12000 Mt p.a.)	469.60
C.	Setting up of Rolling Mill at a plot adjacent to our existing Plant with initial capacity of 60,000 Mt. p.a.	2276.54
D.	Setting up of Wind Energy Unit with a power generation capacity of 1.5 MW p.a.	1000.00
E.	Working Capital Requirements	[●]
F.	Contingencies *(5% of all except working capital and wind mill)*	173.99
G.	General Corporate Purposes	[●]
H.	Issue Expenses	[●]
	Total	[●]

MEANS OF FINANCE

Particulars	Amount (Rs. in Lacs)
Issue Proceeds	10800.00

Since, no amount is required to be raised through means other than this Issue for financing the Object the requirement of Regulation 4(g) of the SEBI ICDR Regulations for firm arrangements of finance through verifiable means for 75% of the stated means of finance excluding the Issue Proceeds and existing identifiable internal accruals does not arise.

DETAILS OF THE USE OF PROCEEDS

A. Modernisation of Existing Melting Unit

In line with our strategy to focus on high quality stainless steel manufacturing and our proposed Rolling Mill, we plan to install new L.R.F Unit which is a proven technology for making clean steel and also certain other testing and other equipments having latest technology.

Following are the costs involved in the proposed modernisation of the Melting unit:

Sr. No.	Description	Amount (Rs. in Lacs)
A.1	Civil Works	25.00
A.2	New L.R.F Unit (Ladle Refining Furnace) & 20 T Metal Refining Konvertor	375.00
A.3	New Testing Equipments	69.69
A.4	New Billet Sharing Equipments	118.80
A.5	Electrical and other Equipment	50.05
	Add: Applicable Excise and Taxes*	94.62
	Add: Other Charges/Installations** etc	2.01
	Total	**735.17**

** All quotations / proposals received for the abovementioned capital goods are exclusive of excise and other taxes. We have estimated Excise and Other applicable Taxes for each item separately and added the same to the total estimated cost.*

*** Certain costs such as installations, transportation, loading unloading, stamping charges etc wherever applicable have been estimated based on the terms and conditions of the quotations received and added to the estimated total cost.*

A.1: Civil Works – The proposed Modernisation shall entail various civil works especially pertaining to the installation of LRF Unit and billet sharing equipments. Following are the costs estimated for the same:

(Rs. in Lacs)

Sr. No.	Particulars	Total Cost	Other details
A.1.1	Modernization of LRF Unit in existing building with excavation & disposal of Raw Material. Dismantling of Old RCC foundation, Making new RCC foundation, Platform, Erection of Wall around Furnace, Fixing of sheeting etc.	25.00	As per estimate dated 30-04-2010 obtained from M/s. Laxmanbhai P. Contractor (Engineers and Contractors)
	Total	**25.00**	

A.2: New LRF Unit – A quotation dated 13-02-2010 for a 11 KV 4000 KVA Furnace duty transformer including Oil circulation pumps, Heat Exchangers and a VCB-11 KV along with current and potential transformers has been obtained from M/s. Electrotherm (India) Limited having their office at 72, Palodia, Ahemadabad – 382 115, Gujarat.

A.3: ***New Testing Equipments*** – Following testing equipments are proposed to be purchased for the modernisation of the existing melting unit:

(Rs. In lacs)

Sr. No.	Particulars	Unit Price	No. of unit	Total cost	Other details
(i) Imported Equipment					
A.3.1	Spectro Meter	26.37*	1	26.37	As per quotation dated 04-03-2010 obtained from M/s.Ametek Instruments (India) Pvt. Ltd., Mumbai
(ii) Domestic Equipment					
A.3.2	Digital Ultrasonic Flaw Detector	1.66	1	1.66	As per quotation dated 25-04-2010 obtained from M/s. Modsonic Instruments Mfg. Co. (P) Ltd., Ahemadabad.
A.3.3	TR1020 Truck/Container monitoring system for Radioactivity	24.05	1	24.05	As per quotation dated 18-08-2009 obtained from M/s. Nucleonix Systems Pvt. Ltd.
A.3.4	Radioactive Contamination Analyzer	6.00	1	6.00	As per quotation dated 18-08-2009 obtained from M/s. Nucleonix Systems Pvt. Ltd.
A.3.5	Electronic Weigh Bridge (12 by 3 meter)	5.22	1	5.22	As per quotation dated 24-05-2010 obtained from M/s. Endeavour Instrument Pvt. Ltd.
A.3.6	Electronic Weigh Bridge (15 by 3 meter)	6.39	1	6.39	As per quotation dated 24-05-2010 obtained from M/s. Endeavour Instrument Pvt. Ltd.
	Total			**69.69**	

** Quotation of USD 58600 is converted @ Rs. 45 per 1 USD for estimation of cost in Rupees.*

A.4: New Billet shearing Machines – Following are the details regarding the new Billet shearing Machines proposed to be bought for the modernisation of the existing melting unit:

(Rs. In lacs)

Sr. No.	Particulars	Unit Price	No. of Units	Total cost	Other Details
A.4.1	150 mm Billet Shearing Machine Cutting Cap	54.00	2	108.00	As per quotation dated 15-04-2010 obtained from M/s. Avatar Foundry and Workshop, Gobindgarh
A.4.2	Roller Table	5.40	2	10.80	As per quotation dated 15-04-2010 obtained from M/s. Avatar Foundry and Workshop, Gobindgarh
	Total			**118.80**	

A.5: Electrical and Other equipments – Following electrical and other equipments are to be purchased for the modernisation of the existing melting unit:

(Rs. In lacs)

Sr. No.	Particulars	Unit Price	No. of Units	Total cost	Other Details
A.5.1	Power Factor Improvement System	11.50	1	11.50	As per proposal dated 31-12-2009 obtained from M/s. Electrotherm (India) Ltd., Palodia
A.5.2	Floor Mount Fan	0.19	10	1.90	As per quotation dated 14-05-2010 obtained from M/s. Airnex Engineering, Ahemadabad.
A.5.3	Exhaust Fan	0.06	10	0.65	As per quotation dated 14-05-2010 obtained from M/s. Airnex Engineering, Ahemadabad.
A.5.4	Furnace Transformer	28.00	1	28.00	As per quotation dated 19-04-2010 obtained from M/s. SKP Transformers, Ahemadabad
A.5.5	PLC Based Dynamic Demand Controller	8.00	1	8.00	As per proposal dated 11-02-2010 obtained from M/s. Electrotherm (India) Ltd., Palodia
	Total			**50.05**	

Cost of Electrical fittings and other equipments shown above is estimated by our management and shall be purchased from local vendors after placing the orders for the above-mentioned electrical and other equipments.

No orders have been placed for any of the abovementioned machinery and equipments pertaining to the modernisation and expansion of the Existing Melting Unit, nor has any work begun on the civil works for the same.

B. Capacity Expansion of Existing Bright Bar Unit

The Company already has a existing Bright Bar unit having capacity of 3600 MT p.a. The unit is running at full capacity for the last 2 years and hence the company plans to expand its capacity to 12,000 MT p.a. Following are the costs involved in the same:

Sr. No.	Description	(Rs. In Lacs)
B.1	Building and Civil Works	100.00
B.2	New Bright Bar Machines and related equipments	320.00
	Add: Excise and other taxes*	49.60
	Total	**469.60**

** All quotations received for the abovementioned capital goods are not inclusive of excise and other taxes. A excise duty @ 10% and other taxes @ 5% have been estimated and added to cost thereof.*

B.1:Building and Civil Works – The proposed expansion shall entail building a separate shed next to the existing bright bar unit and also requires further strengthening of existing shed.

Sr. No.	Particulars	Rate per Sq. Mtr (In Rs.)	Dimensions in mtr. & Area in Sq. mtr.	Total Cost (Rs. In Lacs)	Other details
B.1.1	Strengthening of Old Mechanical Shed as well as extending New Shed for New Bright Bar Unit	10000	20 x 50 x 12 1000 sq. mtr.	100.00	As per estimate dated 30-04-2010 of M/s. L. P. Construction (Engineers & Contractors)
	Total			**100.00**	

B.2: New Bright Bar Machines - Following are the details regarding the new Machines proposed to be bought for the proposed Bright Bar unit expansion:

(Rs. In Lacs)

Sr. No.	Particulars	No. Of Units	Unit Price	Total Cost
1	Bar Peeling Machine (18mm to 40mm)	2	7.85	15.70
2	Bar Peeling Machine (40mm to 75mm)	2	14.60	29.20
3	Bar Peeling Machine (75mm to 110mm)	2	22.45	44.90
4	Bar Straightening Machine (18mm to 40mm)	2	6.20	12.40
5	Bar Straightening Machine (40mm to 75mm)	2	12.80	25.60
6	Bar Straightening Machine (80mm to 110mm)	2	17.75	35.50
7	Section Straightening Machine (10 mm to 40 mm)	2	9.75	19.50
8	Section Straightening Machine (40 mm to 60 mm)	2	14.80	29.60
9	Centreless Grinding Machine (6mm to 25mm)	2	2.85	5.70
10	Centreless Grinding Machine (25mm to 65mm)	2	5.75	11.50
11	Centreless Grinding Machine (65mm to 110mm)	2	8.65	17.30
12	Bar Polishing Machine (6mm to 40mm)	2	6.20	12.40
13	Bar Polishing Machine (40mm to 75mm)	2	12.60	25.20
14	Bar Polishing Machine (75mm to 110mm)	2	17.75	35.50
Total Cost				**320.00**

A quotation dated 19-05-2010 has been obtained from M/s. BMS Machine Tools, Kolkata for all the above mentioned Bright Bar Machinery.

No orders have been placed for any of the abovementioned machinery and equipments pertaining to the expansion of the bright bar unit, nor has any work begun on the civil works for the same.

C. Setting up New Rolling Mill

The company as a part of its forward integration strategy plans to set up a Semi Automatic 18`` Rolling Mill having capacity of 60000 MT p.a. matching the proposed capacity of Stainless Steel Billets manufactured at the existing Melting Unit. These Billets shall be raw material for the proposed Rolling Mill. Following are the costs involved in the same:

Sr. No.	Description	Rs. (In Lacs)
C.1	Land development Costs	30.00
C.2	Building and Civil Works	552.00
C.3	Plant, Machinery and other Equipments (including erection, insurance and other installation costs)	1629.81
C.4	Office Vehicles and Motorcycles	20.00
C.5	Pre Operative Expenses	44.73
	Total	**2276.54**

C.1: Land Development Costs – The proposed Rolling Mill is planned to be set up at a Plot adjacent to the existing Manufacturing Unit. The Land for the same has already been acquired. This land needs leveling and other development before a factory can be set up on the same.

Following are the costs involved in the same:

Sr. No.	Particulars	Rate per Sq. Mtr (In Rs.)	Area in Sq. mtr.	Total cost (In Rs. In Lacs)	Other details
C.1.1	Land Area Excavating & Leveling	133.33	15000	20.00	As per estimate dated 30-04-2010 of M/s. L.P.Construction (Engineers & Contractors)
C.1.2	Disposing Surplus Excavated Soil	66.67	15000	10.00	As per estimate dated 30-04-2010 of M/s. L.P.Construction (Engineers & Contractors)
	Total			**30.00**	

The Company has already started the land development of the Rolling Mill site. An amount of Rs. 5 lacs has been utilized for the same as on the date of filing of this Draft Red Herring Prospectus.

C.2: Building and Civil Works – Following are the costs estimated for Building and Civil works as required for setting up the Rolling Mill:

Sr. No.	Particulars	Dimensions in meters.	Area in Sq. Meters	Rate per Sq. Meters	Amount (Rs. In Lacs)
C.2.1	New Shed for Rolling Mill	40x100x15	4000	8500	340.00
C.2.2	Brick/ RCC Building				
1	Electric Room Panel	10x6x4	60	10000	6.00
2	VCB Room	6x7x4	42	10000	4.20
3	Transformer Room	6x7x4	42	10000	4.20
4	Pump Room	8x8x4	64	10000	6.40
5	Chemical Laboratory	6x10x4	60	12000	7.20
6	Office Building	20x30x4	600	12000	72.00
					100.00
C.2.3	Overhead Tank		100000	10	10.00
C.2.4	Embedded steel work Fabricated steel main gate Fencing Barbed wire Railing work for Safety purpose	10x60	600 300	600 800	6.00 3.60 2.40 12.00
C.2.5	Amenity Building canteen Recreation Room/Gym Cafeteria Rest Room Security Cabin	10x5x4 10x6x4 15x10x4 10x9x4 7x7x3	50 60 150 190 50	10000 10000 10000 10000 10000	5.00 6.00 15.00 19.00 5.00 50.00
C.2.6	Boundary Wall		400	10000	40.00
Total					**552.00**

The above mentioned costs are based on estimate dated 30-04-2010 from M/s. Laxmanbhai P. Contractor (Engineers and Contractors), Kalol, Gujarat.

C.3: Plant, Machinery and other Equipment – Following Plant, Machinery and Equipment is proposed to be purchased for the Rolling Mill:

Sr No.	Item Name	Qty.	Rate	Amount (Rs. in Lacs)
1	18" Complete Mill Assembly	160 Tons	100.05kg	160.08
2	Roller Table/Tilting Tables	110 Tons	94.59kg	104.05
3	Tilting Table Lifting Assembly	4	550000	22.00
4	Wire rope skid I	1	600000	6.00
5	Wire rope skid II	1	650000	6.50
6	Cooling Bed Skid	1	700000	7.00
7	Hot Saw/Grinding Machine	1	1350000	13.50
8	15 TPH Re Heating Furnace	1	600000	6.00
9	Hydraulic Pusher	1	725000	7.25

10	Mechanical Ejector	1	850000	8.50
11	Cooling Bed	50 Tons	100.00kg	50.00
12	Furnace Recuperator	1	350000	3.50
15	EOT Crane 10 T	2	1150000	23.00
16	EOT Crane 5 T	2	825000	16.50
17	1250 HP motor	1	1975000	19.75
19	Electronic Motor/Panels			3.00
20	FO Tanks 10 kl	2	225000	4.50
21	Water Complete Pumps	2	160000	3.20
22	Workshop Machinery	7	457143	32.00
23	Rolls	2 Set	1100000	22.00
24	Capacitor Bank	1	2500000	25.00
25	Stores	1	1000000	10.00
26	Cables	1	1800000	18.00
27	Panels/Control Desks	1	2600000	26.00
28	Straightening Machine	1	650000	6.50
29	Shearing Machine	1	1250000	12.50
30	Shed lightening	1	600000	6.00
32	Chimney	1	600000	6.00
34	Tools/Tackles	1	500000	5.00
35	Gear Boxes for aux equipment	35	55000	19.25
36	Vee Belts/Pulley/Couplings		500000	5.00
37	Miscellaneous		1500000	15.00
38	Mill erection/ Commissioning		3000000	30.00
39	Motors for aux equipments		1200000	12.00
40	Lathe Machine	16FT	25766	4.12
41	Dog-Chuck D/S			0.25
42	Flame Hard Charges			0.20
43	Lathe Machine	14FT	19429	2.72
44	Dog-Chuck D/S			0.18
45	Flame Hard Charges			0.15
46	Sharp Machine	36"		1.79
47	Radial Drilling M/C 50 MM			1.27
48	Round Rolls	9	186000	16.74
49	Round Rolls	9	166000	14.94
50	Round Rolls	9	166000	14.94
51	Round Rolls	16	133000	21.28
52	Round Rolls	16	133000	21.28
53	Round Rolls	16	133000	21.28
54	Hex & Square Rolls	8	133000	10.64
55	Hex & Square Rolls	8	133000	10.64
56	Flat Rolls	3	166000	4.98
57	Flat Rolls	3	166000	4.98
58	Flat Rolls	2	148000	2.96
59	Flat Rolls	2	148000	2.96
60	RCS Rolls	3	166000	4.98

61	RCS Rolls	2	133000	2.66
62	RCS Rolls	2	133000	2.66
63	Patti Rolls	3	166000	4.98
64	Patti Rolls	2	133000	2.66
65	Patti Rolls	2	133000	2.66
66	Roller Table RT 1 to Rt 17			85.50
67	Lift Mechanism for TT			22.00
68	Skid 1			6.00
69	Skid 2			6.50
70	Skid 3			6.00
71	Skid 4			6.00
72	Gear box requirement 6"	33 nos	35000	11.55
73	Suspended Gear boxes	20 nos	24000	4.80
74	Motor 10 hp	28 nos	14500	4.06
75	Motor 25 hp	4 nos	43500	1.74
76	Motor 7.5 hp	2 nos	13450	0.27
77	Motor 5 hp	1 nos	8800	0.09
78	Motor 15 hp	2 nos	22600	0.45
79	Sprockets 1" pitch	236 nos	2400	5.66
80	Air Pollution Control Equipment			100.00
81	Electrical Fittings, Cables etc			11.28
82	Spares for one year operations			15.00
83	Electrical Distribution System			10.00
84	Waste Heat Recuperator			150.00
85	Water Softening Plant			1.00
86	Foundation Bolts			1.91
				1343.29
	Excise Duty			138.36
				1481.65
	Erection and Commissioning			148.16
	Total			**1629.81**

A quotation dated February 3, 2010 has been obtained from M/s. Lucky Industries, Panchmahals, for all the Plant, Machinery and equipment proposed to be purchased for the Rolling Mill. Their quotation includes installation, erection and complete commissioning of this Unit. The order for the same has been placed and the company has paid an aggregate amount of Rs. 105 Lacs to M/s. Lucky Industries upto May 30, 2010 for the said purpose.

C.4: Office Vehicles and Motor Cycles **–** Following transportation vehicles are proposed to be purchased:

Sr. No.	Particulars	Total Cost (Rs. in Lacs)*
C.4.1	Motor cycles (1*2)	2.00
C.4.2	Office Van and Jeep	11.50
C.4.3	Other Utility vehicles	6.50
	Total	**20.00**

*Cost of Office vehicles and motorcycles is estimated by our management and shall be purchased from local dealers.

D. Setting up Wind Energy Unit with a power generation capacity of 1.50 MW.

We currently own 2 Wind Mills having an aggregate power generating capacity of 2100 Kva. The Current Wind Mills are situated at Maliya and Vanku at Gujarat.

In order to increase our cost savings from the captive power generated from the same, we plan to set up another Wind Mill having capacity of 1500 Kva on similar terms and conditions. For further detail of the terms and conditions under which we operate and run these Wind Mill Units please refer “Power” on page 103 of this Draft Red Herring Prospectus.

Following is the costing details estimated for the same by our management based on the offer received for the Maliya Unit:

(Rs. In lacs)

Sr. No.	Particulars	Unit Price	Quantity	Total Cost	Supplier / Contractor
D.1	Cost of WTG – Plant and Machinery	653.63	1	653.63	Suzlon Energy Ltd.
D.2	Cost of Tower	135.72	1	135.72	Suzlon Towers and Structures Ltd.
D.3	Civil Work	64.20	1	64.20	Suzlon Infrastructure Service Ltd.
D.4	Electricity Supply Line	51.40	1	51.40	Suzlon Infrastructure Service Ltd.
D.5	Supply of Transformer	13.91	1	13.91	Suzlon Infrastructure Service Ltd.
D.6	Erection & Commissioning	21.58	1	21.58	Suzlon Infrastructure Service Ltd.
D.7	Power Evacuation Charges	46.50	1	46.50	Suzlon Group
D.8	Government and Statutory Charges	1.05	1	1.05	-
D.9	Land Development Cost	12.00	1	12.00	Suzlon Group
	Total	**1000.00**		**1000.00**	

No agreements or orders have been placed or entered into by the company for setting up of this proposed Wind Mill.

E. Working Capital Requirements

The detailed calculation of the working capital requirement of the Company based on estimates, post expansion is as given below:

(Rs. In lacs)

Particulars	Existing as on 31-12-2009	Estimated as on 31-03-2011
Debtors	4241.07	7365.40
Inventory	5007.83	9189.31
Other Current Assets	1134.77	1360.29
Total Current Assets	**10383.67**	**17915.00**
Less: Current Liabilities	5274.32	7612.67
Working Capital	**5109.35**	**10302.33**
Funded By:		

Bank	2277.25	4500.00
Internal Accruals/Unsecured Loans	2832.10	[●]
Public Issue Proceeds		[●]

* Presently the Company is enjoying working capital facilities from Punjab National Bank and IDBI Bank. For the details of these limits sanctioned and other terms and conditions, please refer "Financial Indebtedness" on page 184 of this Draft Red herring Prospectus.

Basis of estimation of working capital requirements:

Particulars	No. of Days
Raw Materials	45
Finished Goods	48
Debtors	60

F. General Corporate Purposes

We intend to continue to grow and strengthen our operations in the Stainless Steel manufacturing Business as also evaluating opportunities in other Steel and other Metal related sectors exploring both organic and inorganic growth opportunities including acquisitions and strategic initiatives aimed at improving the degree of vertical integration and reducing costs and mitigating risks.

Accordingly, we intend to deploy the balance Issue Proceeds aggregating Rs. [●] million towards our other existing projects and such growth plans. Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board. We may have to revise our business plans from time to time and consequently our capital requirements may also change including revision of our capital expenditure programmes or changes in capital structure. We intend to use part of the net proceeds from this Issue in respect of such capital requirements.

In addition, we also intend to use part of the proceeds of the Issue for general corporate purposes including but not limited to, meeting requirements like funding of administration and other corporate expenditures, funding cost overruns, various inorganic opportunities and any form of exigencies faced by the Company, repayment of loans and other debt facilities.

G. Issue Expenses

The expenses for this Issue include lead management fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. [●] lacs, which is [●] % of the issue size.

The estimated issue related expenses are as follows:

Particulars	Amount (Rs. In Lacs)*	As a % of Issue Size*	As a % of Total Issue Expenses*
Lead management fee, underwriting and selling commission	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total estimated issue expenses	**[●]**	**[●]**	**[●]**

** Will be incorporated after finalisation of Issue Price*

IMPLEMENTATION SCHEDULE

Project/Unit	Key Process	Commencement Date	Completion Date	Remarks
Expansion & Modernization of Existing Melting Unit	Installation of New Machinery and Equipment	Nov-10	Dec-10	Post IPO
	Operational switchover from existing system	Dec-10	Feb-11	Post IPO
Rolling Mill	Land Acquisition	Sep-09	Oct-09	Completed
	Land Development	Mar-10	Jul-10	In Progress
	Building and Civil Works	Mar-10	Nov-10	In Progress
	Installation of Plant, Machinery and Equipment	Nov-10	Dec-10	Post IPO
	Trial Production	Dec-10	Jan-11	Post IPO
	Production Launch	Feb-11	Feb-11	Post IPO
Capacity Expansion of existing Bright Bar Unit	Building and civil Works	Nov-10	Dec-10	Post IPO
	Installation of Plant, Machinery and Equipment	Dec-10	Jan-11	Post IPO
	Trial Production	Jan-11	Feb-11	Post IPO
	Production Launch	Feb-11	Feb-11	Post IPO
Wind Mill Unit	Agreement with Suzlon	Jan-11	Feb-11	Post IPO
	Land Acquisition	Feb-11	Mar-11	Post IPO
	Installation of WTG & other equipment	Feb-11	Mar-11	Post IPO
	Trial Run	Mar-11	May-11	Post IPO
	Power Generation Operational with full capacity	June-11	Dec-11	Post IPO

FUNDS DEPLOYED

The details of the sources and deployment of funds up to May 30, 2010 as certified by M/s. R.K.Raman & Co, Chartered Accountants, the Statutory Auditors of the Company vide their certificate dated June 10, 2010 is as follows:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1.	Advances for Land Development and Civil Works for Rolling Mill	5.00
2.	Advances for the Plant, Machinery and Installations of Rolling Mill	105.00
3.	Public Issue Expenses	11.00
	Total	**121.00**

FUNDING FOR THE FUNDS DEPLOYED

The above funds have been deployed from the internal accruals generated by the Company.

BRIDGE LOAN

We have not entered into any bridge loan facility that will be repaid from the Issue Proceeds.

INTERIM USE OF PROCEEDS

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration and other investment grade interest bearing securities as may be approved by the Board. Such transactions would be at the prevailing commercial rates at the time of investment. We may also apply a part of the Net Proceeds, pending utilisation for the purposes described above, towards our working capital requirements. Should we utilize the funds towards our working capital requirements, we undertake that we will ensure consistent and timely availability of the Net Proceeds so temporarily used to meet the fund requirement for the objects of the Issue contained herein.

MONITORING UTILISATION OF FUNDS

The Audit Committee appointed by the Board of Directors will monitor the utilization of the proceeds of the Issue. As required under clause 43 of the Listing Agreement, we will disclose the details of the utilization of the Issue proceeds periodically, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter group companies or key managerial employees, except in the normal course of our business.

BASIS OF ISSUE PRICE

Qualitative Factors

For more details on qualitative factors, refer to section titled "Summary of our Business" beginning on page 34 of this Draft Red Herring Prospectus.

Quantitative Factors

1) Basic Earnings Per Share (EPS)

Financial Year	EPS (Rs)	Weight Used
2006 – 2007	4.84	1.00
2007 – 2008	4.96	2.00
2008 – 2009	0.88	3.00
Weighted Average	**2.90**	

* Source: Auditors Report

Basic Earnings per Share for the nine months ended December 31, 2009 (not annualized) is Rs. 3.63

Note:

(a) The earnings per share has been computed on the basis of adjusted profits and losses for the respective years / periods after considering the impact of accounting policy changes, prior period adjustments / re-groupings pertaining to earlier years as per the Auditor's Report.

(b) The denominator considered for the purpose of calculating Earnings Per Share is considering the face value of each equity share as Rs. 10.

2) Price Earnings Ratio in relation to Issue Price

a) P/E based on EPS for the year ended March 31, 2009 at the lower end of the Price Band: [●] times

b) P/E based on EPS for the year ended March 31, 2009 at the higher end of the Price Band: [●] times

c) Industry P/E

Highest – Odyssey Corpn.	100.60
Lowest – Good Luck Steel	3.00
Average	15.30

Source: Capital Market, Vol. XXV/08, Jun 14 – 27, 2010

3) Return on Networth (RONW)

Financial Year	Return on Net Worth (%)	Weight Used
2006 – 2007	20.10	1.00
2007 – 2008	11.93	2.00
2008 – 2009	6.28	3.00
Weighted Average	**10.47**	

* RONW for the nine months ended December 31, 2009 is 20.12%

4) **Minimum Return on Total Networth after issue needed to maintain Pre-Issue Basic EPS for the year ended March 31, 2009 is [●]**

5) **Net Asset Value (NAV)**

NAV as on March 31, 2009	Rs. 13.96 per Equity share
NAV as on December 31, 2009	Rs. 17.98 per Equity share
Issue Price	Rs. [●] per Equity share
NAV after the Issue	Rs. [●] per Equity share

6) **Comparison with other Listed Companies**

Company Name	Equity (Rs. In Crore)	Sales (Rs. In Crore)	F.V.	EPS	P/E Ratio	RONW %	NAV (Rs.)
Rajputana Stainless Ltd.*	15.68	107.6	10	0.88	[●]	6.28	13.96
Peer Group							
Adhunik Metal	123.50	1258.6	10	4.4	23.9	9.4	49.8
Gallant Metal	81.32	433.1	10	2.9	9.8	11.3	20.1
Jai Corp	17.85	409.6	1	3.4	64.8	1.8	148.0
Panchmahal Steel	18.33	292.4	10	7.9	19.0	13.9	67.6
Rathi Steel	28.99	775.4	10	2.2	9.5	8.0	53.8
Odyssey Corpn.	16.89	2.9	10	1.5	100.6	39.1	33.1
Suraj Stainless	17.01	174.5	10	5.1	14.4	12.2	32.4

Source: Capital Market, Vol. XXV/08, Jun 14 – 27, 2010

* Our EPS, return on average net worth and book value per share have been calculated from our audited restated financial statements, as on March 31. 2009.

In view of the reasons mentioned above, our Company and the BRLM in consultation with whom the premium has been decided, are of the opinion that the premium is justified.

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of the assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares of the Company is Rs. 10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

RAJPUTANA

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Rajputana Stainless Limited,
213 Madhwas,
Halol Kalol Road,
Kalol,
Panchmahals,
Gujarat - 389330

Dear Sirs,

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

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws,
each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 ("the Act").

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

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

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

For R.K.Raman & Co.
Chartered Accountants

R.Kothandaraman
Partner
Membership No. : 029252 **Place: VADODARA**
Firm ICAI Registration No. : 118472W **Date: 25.05.2010**

Statement of Possible Direct Tax Benefits available to Rajputana Stainless Limited and its Shareholders

The following is based on the provisions of Indian tax laws as of the date hereof, which are subject to change, possibly on a retrospective basis.

For these purposes, "Non-Resident" means a person who is not a resident in India. For purposes of the Act, an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

(a) a period or periods amounting to 182 days or more; or

(b) a period or periods amounting to 60 days or more and within the four preceding years he/she has been in India for a period or periods amounting to 365 days or more; or
(c) in the case of a citizen of India who leaves India as a member of the crew of an Indian ship or for the purposes of employment outside India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days"; or
(d) in the case of a citizen of India or a person of Indian origin living abroad who visits India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days".

A 'company' is resident in India if it is formed and incorporated in accordance with the Companies Act, 1956 and has its registered office in India or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

A 'foreign company' means a company which is not an Indian company, or any other company which, in respect of its income liable to tax under the Act, has not made the prescribed arrangements for the declaration and payment, within India, of the dividends (including dividends on preference shares) payable out of such income;

I. Tax Benefits available to the Company

(A) Special tax benefits to the company

There are no special tax benefits available to the Company.

(B) General tax benefits to the company

1. In accordance with section 10(34), dividend income (referred to in Section 115-O) will be exempt from tax.

2. The depreciation rates prescribed in the Act to be charged in accordance with the written down value method in respect of Plant and Machinery is 15%, Motor Cars 15% and Furniture and Fittings 10%. A company is entitled to claim additional depreciation @ 20% on new Plant & Machinery installed for manufacturing activities during a relevant year subject to conditions prescribed in section 32(1)(iia) of the Act.

3. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA ie to the extent of difference between the tax payable as per the normal provisions of the Act and tax paid under section 115JB of the Act for that assessment year.

4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income during the same year and the remaining loss after set-off can be carried forward for set-off – against business income of the next eight Assessment Years.

5. As per section 71 read with section 74 of the Act, short term capital loss arising during a year can be set-off against short term or long term capital gains. The balance loss, if any, will be carried forward up to 8 assessment years and eligible for set-off against capital gains arising in those years. Long term capital loss during a year can be set-off only against long term capital gains. The balance loss, if any, can be carried forward up to 8 assessment years and eligible for set-off against long term capital gains arising in those years

6. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward for set-off with the income of future years.

7. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

8. Income received in respect of the units of mutual fund (other than income arising from transfer of such units) specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of the IT Act.

9. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

    a. 20 per cent (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or

    b. 10 per cent (plus applicable surcharge and cess) of the capital gains as computed without indexation.

10. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

11. If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act, in the hands of the company.

12. The tax rate is 30%. The surcharge on Income tax is 10%, only if the total income exceeds Rs. 10 million. Education cess is 2% and Higher Secondary cess is 1%.

13. **Computation of capital**

Capital assets are to be categorized 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 recognized 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 recognized 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.

14. **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 assesses during any financial year.

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.

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.

II. Tax Benefits available to equity share holders

i) Special tax benefits to the equity shareholders

There are no special tax benefits available to the equity share holders.

ii) General tax benefits to the equity shareholders

A. Resident share holders

1. **Dividend**

1.1 Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the resident shareholders, as per section 10 (34) of the Act.

2. **Capital Gain**

- **Long Term Capital Gain**

2.1 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax in the hands of resident share holders. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

2.3 Under section 112 of the Act, if securities transaction tax is not charged on transfer of long term capital asset being a listed equity share in a company, then the same are subject to tax at the rate of 10% (plus applicable surcharge and cess) of capital gains calculated without indexation of the cost of acquisition or 20% (plus applicable surcharge and cess) of the capital gains calculated after indexation of the cost of acquisition whichever is more beneficial to the assesses. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the share from the sale consideration.

2.4 In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax (i.e. Rs. 160,000 in case of all individuals, to Rs. 190,000 in case of women and to Rs.240,000 in case of senior citizens), the long term capital gains shall be reduced to that extent and only the balance long term capital gains will be subject to the flat rate of taxation in accordance with section 112(1) and the proviso to subsection (1) of section 112 of the Act.

2.5 Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:

i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assesses transfers or converts the above amounts invested into money 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 investment made earlier is transferred or converted into money.

2.6 Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for 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 invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

➢ **Short Term Capital Gain**

2.7 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

2.8 Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of resident share holders.

2.9 If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act, in the hands of resident share holders.

2.10 As per the provision of section 71, loss under the head "Capital Gains" cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be setoff against short term capital gain.

3. Business Income

3.1 In case the resident shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

3.2 Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to subsection (1) of section 36 of the Act.

4. Withholding Tax

4.1 Income tax is deductible at source as per the provisions of section 194 of the Act on dividend other than dividend referred to in section 115-O, payable to resident share holders at the rates as may be prescribed in each year's Finance Act.

4.2 Income tax is not deductible at source on capital gain and business income on transfer of shares, payable to resident share holders as per the provisions of the Act.

5. Income from Other Sources

5.1 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.

5.2 Gift Tax

Tax is not leviable in respect of any gifts received on or after the 1st day of September, 2004 from relative and on cases specified in section 56(2)(v) of the Income Tax Act, 1961.

Benefits under the Gift Tax Act:

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, but before April 1, 2006.As per amended section 56 (2) (vi) any gift received in money, the aggregate value of which exceeds Rs. 50,000/- is received without consideration, the whole of the aggregate value of such sum will be chargeable to tax. As per newly inserted section 56 (2) (vii) value of sum of money / immovable property/ movable property received without consideration or for inadequate consideration is in exceed of Rs. 50,000/- than the whole of the aggregate value of such sum will be chargeable to tax with effect from Dt: 01.10.2009.

B. Non-Resident /Foreign Company Shareholders (Other than Foreign Institutional Investors and Non- Resident Indian)

1. **Dividend**

1.1 Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the non-resident / Foreign Company shareholders, as per section 10 (34) of the Act.

As per section 115A of the Act, dividend income other than dividend income referred to in section 115-O of the Act, received by non-resident shareholders/Foreign Company would be subject to tax at the rate of 20% (plus applicable surcharge and cess).

2. **Capital Gain**

- **Long Term Capital Gain**

2.1 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax, in the hands of the nonresident / Foreign Company shareholders. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

2.3 As per first proviso to Section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost

Indexation benefit will not be available in such a case. As per Section 112 of the Act, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 10%(plus applicable surcharge and cess). However revenue authorities can litigate that the applicable tax rate is 20% (plus applicable surcharge and cess).

2.4 Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:

i. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and
ii. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assesses transfers or converts the above amounts invested into money 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 investment made earlier is transferred or converted into money.

2.5 Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for 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 invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

- **Short Term Capital Gain**

2.6 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

2.7 Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of the non-resident / Foreign Company shareholders.

2.8 If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act as may be prescribed in each year's Finance Act, in the hands of the non-resident / Foreign Company shareholders.

2.9 As per the provision of section 71, loss under the head "Capital Gains" cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be setoff against short term capital gain.

3. Business Income

3.1 In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

3.2 Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to subsection (1) of section 36 of the Act.

4. Withholding tax

4.1 As per the provisions of section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), capital gain, business income payable to nonresident/ Foreign Company shareholders, may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty and the Act. Accordingly income tax may have to be deducted at source in the case of a non-resident/ Foreign Company shareholders at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assesses unless a lower withholding tax certificate is obtained from the tax authorities.

5. General

5.1 As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

C. Foreign Institutional Investors (FII)

1. Dividend

1.1 Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the FII, as per section 10 (34) of the Act.

1.2 As per section 115AD of the Act, dividend income other than dividend income referred to in section 115-O of the Act, in respect of equity shares received by FII would be subject to tax at 20% (plus applicable surcharge and cess).

2. Capital Gain

- **Long Term Capital Gain**

2.1 As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 As per section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax in the hands of the FII. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

2.3 As per section 115AD of the Act, if securities transaction tax is not charged on transfer of long term capital asset being an equity share in a company, the capital gains are taxed at the rate of 10% (plus applicable surcharge and cess). Cost Indexation benefit and foreign currency fluctuation benefit as per proviso to section 48 of the Act will not be available in such a case.

2.4 Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:

i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assesses transfers or converts the above amounts invested into money 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 investment made earlier is transferred or converted into money.

- **Short Term Capital Gain**

2.5 As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

2.6 As per section 111A read with section 115AD of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess).

2.7 As per section 115AD of the Act, if securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company then it would be taxed at the rate of 30% (plus applicable surcharge and cess).

2.8 As per the provision of section 71, loss under the head “Capital Gains” cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be setoff against short term capital gain.

3. Business Income

3.1 In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

3.2 Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to subsection (1) of section 36 of the Income Tax Act, 1961.

4. Withholding tax

4.1 As per section 196D of the Act read with section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), business income payable to FII, may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty.

Accordingly income tax may have to be deducted at source in the case of a FII shareholder at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assesses unless a lower withholding tax certificate is obtained from the tax authorities.

4.2 As per section 196D of the Act, income by way of capital gain payable to FII, is not liable to withholding tax.

5. General

5.1 As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

D. Non-Resident Indian Shareholders

1. General

1.1 Certain non-resident individual shareholders being a citizen of India or person of Indian origin (NRI) has an option to be governed by the provisions of Chapter XII-A of the Act.

1.2 As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

2. Dividend

2.1 As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, dividend income other than dividend income referred to in section115-O of the Act, received by NRI would be subject to tax at 20% plus applicable surcharge and cess.

3. **Capital Gain**

3.1 As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, capital gains arising to the NRI on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concession ally taxed at the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge and cess.

3.2 Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to the NRI from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from Income tax, if the net consideration is invested in specified assets or specified savings certificates within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

3.3 Under provisions of section 115G of the Act it shall not be necessary for the NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there-from.

3.4 Under section 115-I of the Act, the NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of' income under section 139 of the Act declaring therein that the provisions of the chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions
Of the Act shall apply.

E. Mutual Funds

1. **General**

1.1 In accordance with section 10(23D) of the Act, any income of:

(i) a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;

(j) Such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf; will be exempt from income tax.

III. Tax Benefits available to the shareholders under the Wealth-Tax Act, 1957

The Securities will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of Securities held.

SECTION IV: 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 Lead Manager or their respective legal or financial 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.

Global Macroeconomic Environment

A synchronized Global Economic Downturn

Last year the world economy was deeply mired in the most severe financial and economic crisis since the Second World War. With its increasing impact, both in scope and depth worldwide, the crisis posed a significant threat to the world economic and social development. Between September 2008 and May 2009, the market capitalization of banks in the United States of America and Europe declined by 60 per cent (or $2 trillion). While the crisis originated in developed countries, which were also leading the economic downturn, developing countries were also being hit hard through capital reversals, rising borrowing costs, collapsing world trade and commodity prices, and subsiding remittance flows.

Signs of Recovery

The global economy exhibited early signs of end of the recession with several advanced economies recording modest positive growth in the second quarter of 2008-09, while the pace of contraction in output declining significantly in others. The pace of global recovery, however, continues to be uncertain, given the fact that the recovery is still gaining support from the unprecedented stimulus measures amidst persisting stress in the financial systems of advanced economies. After successive rounds of downward revisions to the 2009 growth outlook from 3.9 per cent in July 2008 to -1.4 per cent in July 2009, the IMF for the first time, revised the growth outlook upwards to -1.1 per cent in October 2009.

Different economies are at differing points of the cycle. Although advanced economies continue to be in recession with a growth forecast of -3.4 per cent, the emerging and developing economies are forecast to grow by 1.7 per cent during 2009. Emerging Asia is leading the global rebound, with significant acceleration in growth in the second quarter in China, Hong Kong, Singapore, India and South Korea. In China, GDP growth is estimated to have further accelerated to 8.9 per cent in the third quarter, supported by the substantial fiscal stimulus and rapid increase in bank lending. GDP growth in other Asian emerging-market economies has also strongly recovered, partly in response to policy stimulus.

Source: World Economic Situation and Prospects, 2009 (United Nations)

Overview of the Indian Economy

According to the Economist Fact Sheet dated as of July 3, 2009, India, with a population of over 1.14 billion people, had a Gross Domestic Product (“GDP”) on a purchasing power parity (“PPP”) basis of approximately US$3,363.00 billion in 2008. This made it the fourth largest economy in the world, on a PPP basis, after the United States, China and Japan.

According to the RBI’s Macroeconomic and Monetary Developments Third Quarter Review 2009-10 dated as of Jan 28, 2010, India is one of the fastest growing large economies in the world with a GDP growth of 7.9 per cent during the second quarter of 2009-10, Industrial Production growth of 7.6 percent, and a Non-food credit growth of 14.4 per cent. The core infrastructure sector showed a higher growth at 4.8 per cent during April-December 2009, as compared with 3.2 per cent growth in the corresponding period of the previous year. The higher growth was driven mainly by cement, coal, electricity and finished steel. But, Inflation emerged as a major concern during the third quarter, dominated by significant supply factors. On year on year basis, WPI headline inflation in December 2009 was at 7.3 per cent, whereas WPI inflation excluding food articles was 2.1 per cent, which suggests the concentrated nature of the inflation so far. Food items (i.e. primary and manufactured) with a combined weight of 27 per cent in the WPI basket have exhibited 21.9 per cent increase in prices.

The overall economic outlook is, therefore, a mixture of upside prospects of recovery and downside risks. Managing this tradeoff between supporting growth and reining in inflation expectations poses a complex policy challenge.

Overview of Global Steel Industry

Global crude steel production reached 1220 million ton in 2009, a decline of 8 per cent over 2008. China was the largest crude steel producer in the world with production reaching 567.8 million tons, a growth of 13.5 per cent over 2008. India once again emerged as the fifth largest producer in 2009 and recorded a growth of 2.7 per cent as compared to 2008, the only other country in the top 10 bracket to register a positive growth during 2009. India also emerged as the largest sponge iron producing country in the world in 2009, a rank it has held on since 2002.

The Top Ten Steel Producing countries are listed below:

World Crude Steel Production in 2009*		
Rank	**Country**	**Production (Million Tonnes)**
1	China	567.8
2	Japan	87.5
3	Russia	59.9
4	USA	58.1
5	India	56.6
6	South Korea	48.6
7	Germany	32.7
8	Ukraine	29.8
9	Brazil	26.5
10	Turkey	25.3
Source: World Steel Association		
** - Provisional*		

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

Overview 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 tons and was completely in the private sector. From the fledgling one million tons 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.

According to the Steel Ministry's Annual Report (2009-10), the Iron and Steel Industry contributes around 2 per cent of the Gross Domestic Product (GDP) and its weight in the Index of

Industrial Production (IIP) is 6.2 per cent. From a negligible global presence, the Indian steel industry is now globally acknowledged for its product quality.

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

Indian Crude Steel Production				(in Million Tonne)	
	2005-06	2006-07	2007-08	2008-09	2009-10* (Apr-Dec)
Public Sector	16.964	17.003	17.091	16.372	12.483
Private Sector	29.496	33.814	36.766	42.065	33.292
Total Production	46.460	50.817	53.857	58.437	45.775
% of Public Sector	36.5	33.5	32	28	27
Source: JPC					
** - Provisional*					

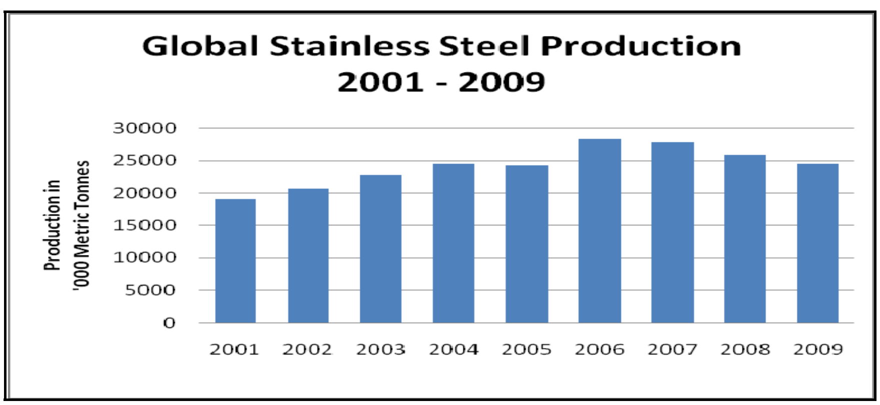
(Source: *Ministry of Steel, GOI, Annual Report 2009-10*)

According to the projections made by the Steel Ministry in its annual report (2009-10), India is expected to maintain its lead in Sponge Iron in the near future and is expected to become the second largest producer of steel in the world by 2015-16, provided all requirements for fresh capacity creation are met.

Overview of the Global Stainless Steel Industry:

The stainless steel industry caters to the household appliances, hardware, industrial equipment, automotive and aerospace structural alloy and construction material markets. Not being heavy industrial segments, the production figures of stainless steel are not as high as the other Iron and Steel Industries.

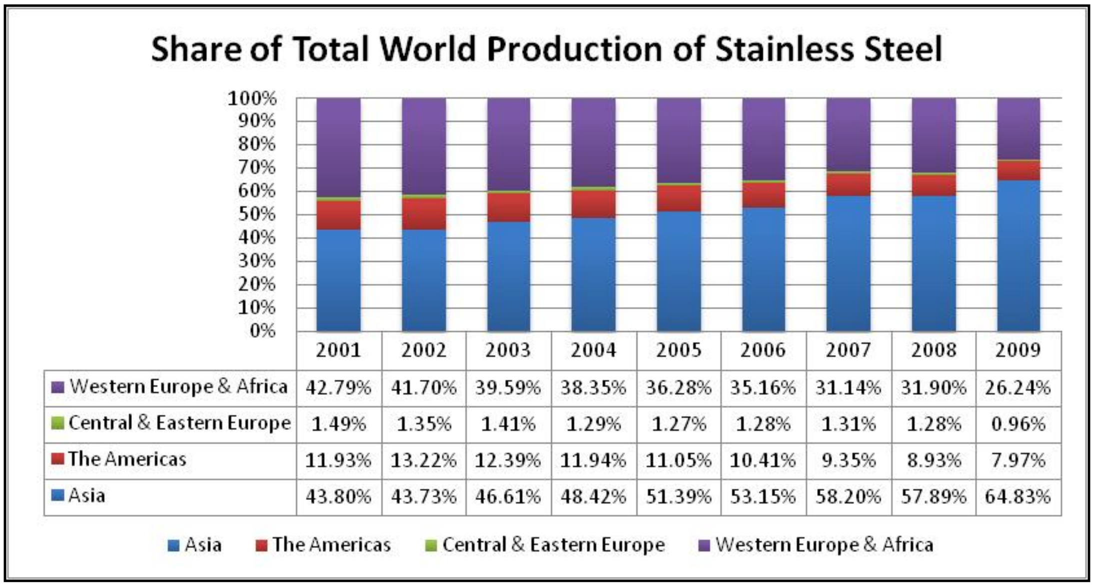
The following illustration depicts the growth of Global Stainless Steel Production from 2001 to 2009:



Source: International Stainless Steel Forum (ISSF), Brussels

The Global Stainless Steel Production had risen every year from 19.18 million metric tons in 2001 to 28.36 million metric tons in 2006 showing a CAGR of 8.13%. As the world went through a recessionary phase from then on the production figures had fallen to 24.57 million metric tons in 2009 showing a negative CAGR of 4.66%.

The following illustration depicts the changing trend in share of total world production of Stainless Steel of the important regions from 2001 to 2009:



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Western Europe & Africa	42.79%	41.70%	39.59%	38.35%	36.28%	35.16%	31.14%	31.90%	26.24%
Central & Eastern Europe	1.49%	1.35%	1.41%	1.29%	1.27%	1.28%	1.31%	1.28%	0.96%
The Americas	11.93%	13.22%	12.39%	11.94%	11.05%	10.41%	9.35%	8.93%	7.97%
Asia	43.80%	43.73%	46.61%	48.42%	51.39%	53.15%	58.20%	57.89%	64.83%

Source: International Stainless Steel Forum (ISSF), Brussels

The share of Global Stainless Steel Production of the Asian region has gone up from 43.8% in 2001 to 64.83% in 2009, while the share of the Western Europe/ Africa and the Americas have reduced from 42.79% and 11.93% in 2001 to 26.24% and 7.97% in 2009 respectively.

Stainless Steel Industry in India:

India's production of stainless steel began in the late sixties of the last century at SAIL's Alloy Steel Plant at Durgapur, West Bengal. During the eighties of the last century, the Government changed its policies allowing the production of all types of steel in secondary sector. New capacities for the production of stainless steel came up and the country's production reached about 170,000 tons in 1984-85. SAIL's Salem Steel Plant (SSP) was commissioned on 13th September, 1981 and the inauguration of the 2nd Phase of SSP expansion took place on 9th April, 1988. The eighties of the last century also saw the installation of AOD/VOD processes by some major Electric Arc Furnace (EAF) units resulting in the use of high carbon ferro-chrome for the first time in India which brought down the cost of production. Some smaller units started production through the Induction Furnace (IF) route by melting stainless steel scrap and recycling it into usable stainless steel.

Towards the late eighties of the last century two major developments took place. These were:

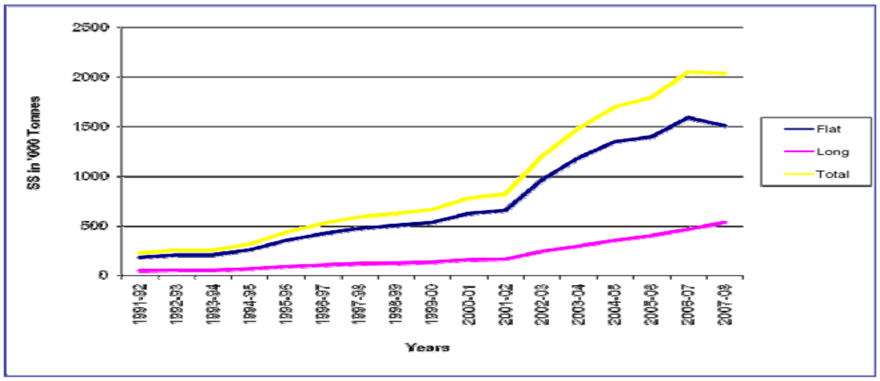
- The Indian Stainless Steel Development Association (ISSDA) was founded by the seven leading stainless steel producers in the country with the object of diversifying and boosting the use of stainless steel.
- Nickel prices shot up to high levels in 1988. To counter this, the Indian technologists developed low nickel high manganese austenitic stainless steel grades in the 200 series. In the last decade or so, there has been some standardization of these grades for individual application areas to get higher yield and low cost down stream processing.

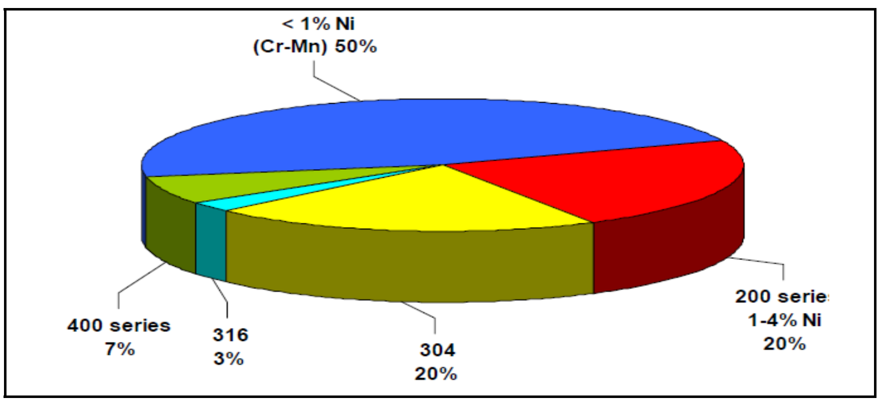
From then on Stainless Steel Industry has grown approximately @ 14% p.a. over the last 15 years, such that as on 2008 India contributed to approximately 7% of the World Production of Stainless

Steel making it the 5th largest producer in the world. Stainless Steel Mill production in India is estimated at 2 million tons (2007-08).

Types of Stainless Steel Products Produced in India

The following illustration shows the production trends of stainless steel from 1992 to 2008 for types of Stainless Steel Products:





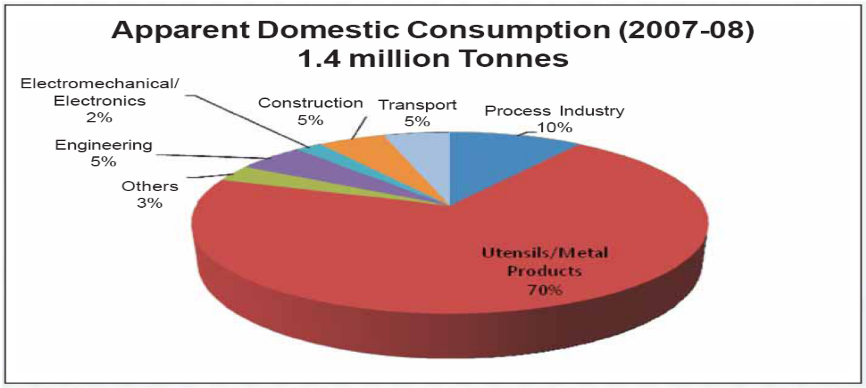
Source: ISSDA

SS Flat product production is estimated at about 1.5 million tons and SS long products at 0.5 mill tons. Almost 50% of the Stainless Steel Production in India is of the 200 Series (<1% Ni (Cr-Min)). 20% is of the 200 Series (1-4% Ni). 20% is of the 304 series. The 400 series and 316 series make up the remaining production in India.

Domestic Consumption of the Stainless Steel in India

It is estimated that out of the 2 million Tons of Stainless Steel produced in India almost 1.4 million tons gets consumed domestically.

The following illustration explains the End-use break up of Stainless Steel in India for 2008:



Source: Indian Stainless Steel Development Association (ISSDA).

A study of end-use pattern for stainless steel in India in 1993 showed that the total use of stainless steel by the construction and transport sectors was less than 1%. In comparison, the western world used 11.6% of end use of stainless steel in construction and 14.9% in transportation, In catering however, India was far ahead of the rest of the world at 75% of end use compared to 36.5% for others. The consumption pattern has changes since then with the Industrial Sectors namely, Transport, Construction and Other Processing Industries increasing their contributions. It may be noted that although the per cent share of kitchenware is down, but in absolute tonnage terms it has increased from 212,500 to 980,000 tons.

Change in Mindset – Increased Applicability of Stainless Steel in ABC and ART Sectors:

(i) "ABC" Sectors:

During the last decade many new applications of stainless steel has taken place in India, in the ABC sector. Some of these are mentioned below. ABC sector denotes Architectures, Buildings and Construction.

- About 350 tons of stainless steel was used in the Parliament library.
- The 40 ft. by 70 ft. signage at the Ramoji Film City at Hyderabad used 60 tons of AISI 304 grade stainless steel.
- About 70 tons of stainless steel was used for the 10,000 square meter dome – shaped roof of Kopar Khairane Railway Station at Navi Mumbai.
- A total 60 tons of stainless steel was used in the roofing system of Khalsa Heritage Complex at Anandpur Sahib, Punjab over an area of 3756 square meters, the largest ever stainless steel roofing executed in India.
- About 200 stainless steel bus shelters have been installed in the NMDC area of New Delhi. Delhi Transport Corporation (DTC) is also installing another 225 bus shelters on the Ring Road at New Delhi. Each bus shelter uses about 850 kg of stainless steel.

(ii) "ART" Sectors:

New applications of stainless steel are taking place in the Automobile, Railways and Transportation (ART) sector.

Automobile Sector:

- Stainless steel catalytic converters materials for auto exhaust systems for environmental reasons. Each such unit use to 6 to 12 kgs of stainless steel depending on the model and make. India produced 1.7 million passenger vehicles in 2007-08.

- Indian motor cycle manufacturers are using stainless steel in critical locations such as fasteners, engines and now handles made of stainless steel are also being used.
- The use of stainless steel LPG cylinders in cars is also gaining momentum.

Railway Sector:

- The railway workshop of Southern Railway at Trichy has received an order for manufacturer of 1200 stainless steel 409M grade wagons. Each wagon will use 8.7 tons of stainless steel.
- Indian Railways have a fleet of 30,000 passenger coaches of corten steel (carbon) which demand – excessive amounts of maintenance cost. They also do not last long. LHB coaches with stainless steel shells Arc currently produced in RCF, Kapurthala. Being a stainless steel of 12 percent chromium, their corrosion resistance needs to be reinforced with paint system. In further all corten carbon steel coaches will be replaced by stainless steel coaches.
- Railways have decided to use only stainless steel coal wagons. For the production of these wagons about 80,000 tons of 409M grade stainless steel has been tendered by the Indian Railways to make 7,000-8,000 coal wagons in 2007-08. Each such wagon will use about 10 tons of 409M grade of stainless steel.
- Mumbai Rail Vikas Corporation (MRVC) will buy 1,500 coaches from ICF, Chennai. About 2.5 tons of stainless steel will be used for each coach. Stainless steel is being used for roof panels, fans, partitions, doorway grab poles etc. by MRVC.

Transportation:

- More and more volumes of stainless are being used in luxury buses.
- Port Authorities are also using more volumes of stainless steel in their various equipments, offices and other installations.

Source: www.steelworld.com

Key Initiatives of the Ministry of Steel:

Meetings of the Inter Ministerial Group (IMG)

An Inter Ministerial Group (IMG) has been constituted to monitor and coordinate various issues concerning major steel investments in the country. The IMG is chaired by Secretary (Steel) with Secretaries of Department of Industrial Promotion and Policy, Mines, Environment and Forest, Road Transport and Highways, Shipping, Member (Traffic) – Railway Board and Chief Secretaries of concerned State Governments as its members. The IMG reviews and coordinates measures for early completion of the major steel capacities and addresses various problems concerning:

- Infrastructure constraints related to ports, rail, road network.
- Availability of iron ore and coal.
- Speedy environmental clearance for project site as well as for iron ore and coal mining activities.
- Availability of land, water resources and issues concerning rehabilitation.
- Any other item concerned with the major steel investments in the country.

IMG conducts review meetings periodically, both with the major steel investors as well as with the Central Ministries / Departments and the State Government concerned.

Quality Control Order on selected steel products

Steel Quality Control Orders to ensure making available 17 critical steel products of certified quality to consumers were issued during 2008. The order has since been revised subsequently whereby 10 products have been excluded.

Joint Consultative Mechanism with Railways

A Joint Consultative Mechanism has been constituted by the Ministry of Steel with representatives of the Ministry of Railways, the Ministry of Steel and the Steel Industry (both public and private sector) to address their increased infrastructure needs in line with the National Steel Policy as well as the rationalization of freight class for transportation of steel items and raw materials such as iron ore and limestone.

Consumer Council Meeting

A Forum of Steel Consumer Council to facilitate regular interaction of producers and consumers and redress the problems faced by the consumers relating to supply/availability of steel products and other related issues had been set up in the Ministry. The Meetings of Consumer Council were held in 2008-09, under the Chairmanship of the Steel Minister. The various issues affecting the consumers of Steel namely opening of new stockyards and monitoring of their working, monitoring of the trend of domestic steel prices, review of prevailing excise and import duties and availability of steel material, figured prominently in the meeting.

Encouraging Research & Development in the Iron & Steel Sector

Besides supplementing R&D initiatives and investments under the existing Empowered Committee Mechanism, the Ministry of Steel has evolved a new scheme to encourage R&D in the Iron & Steel sector during the 11th Five-year Plan. A new scheme named 'Scheme for promotion of R&D in the Iron & Steel Sector' has been launched with budgetary provision of Rs. 118 crore. The scheme will be implemented in the 2009-10.

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

OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the section entitled "Risk Factors" beginning on page 13 of the Draft Red Herring Prospectus.

OVERVIEW

We are a growing Stainless Steel Manufacturing Unit with an annual installed capacity of 40,000 MT. In addition, we have an in-house Bright Bar manufacturing Unit having an annual installed capacity of 3,600 MT and two Wind Mill Projects at Kutchch and Rajkot respectively having an aggregate existing Power generation capacity of 2.10 MW, which we use for captive power consumption. We are one of the fastest growing manufacturers of high quality Stainless Steel Billets, RCS, Wire Rods, Hexagon, Square, Black & Bright Bars in various grades and sizes.

Our Company's Manufacturing Plant is located at 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals Dist., Gujarat - 389330. Our Plant is located on the Vadodara-Indore National Highway and is 55 kms from Vadodara Steel Market and 60 kms from ICD Dashrath Port.

Our Company sells its goods through its Marketing offices located at Vadodara and Mumbai. In addition to that we have various dealers all across India selling our goods. Our customer profile includes Suraj Stainless Ltd., Rajratna Metals and other such Stainless Steel Players.

The Company's Revenues have grown from 3157.29 lacs in fiscal 2005 to Rs. 11281.21 lacs in fiscal 2009, at a CAGR of 37.49%. Our earnings before interest, tax, depreciation and amortization has increased from Rs. 46.21 lacs in 2005 to Rs. 657.69 lacs in 2009, at a CAGR of 94.23%. Our profit after tax has increased from Rs. 9.42 lacs in fiscal 2005 to Rs. 137.62 lacs in fiscal 2009, at a CAGR of 95.50%. This improvement in performance is due to the plant expansion carried out in 2008-09

Currently the company has an in-house Melting Unit, and Bright Bar unit and other facilities such as Drawing, Rolling etc are done by the Company outside on a job work basis. In order to achieve our goal of becoming a leading full-service integrated Stainless Steel Company with presence across the value chain, we are currently exploring options in the form of Forward Integration in the Stainless Steel Industry Value chain and are also considering certain key processes done outside currently to be done in-house for improved productivity and profitability.

We plan to setup our own Rolling Mill at a plot adjacent to our existing production Plant in order to gain the advantages of forward integration. The land procurement for the Rolling Mill Project has been completed and the shed construction for the same has already been started. We are also planning to increase our production capacity of Bright Bars to match the growing demand of this product. Also in order to further benefit from Power savings generated by owning Wind Energy Units we plan to set up one more Wind Mill having a Power generating Capacity of 1.5 MW at Gujarat.

Our Company's Quality Management Systems are certified to be in compliance under ISO 9001:2008 and have been awarded the prestigious "TUV" Certification.

Strengths

We believe we are well positioned to capitalize on the growth opportunity in the Indian Stainless Steel sector due to the following:

- ***We are a well established & mature Stainless Steel Production Unit:***

  From being a small scale production unit having a annual capacity of 3000 MT in 1999 we have grown exponentially to having an annual capacity of 40000 MT and a production of over 13,000 MT for the nine months period ended December 31, 2009. There have been no instances of lock-outs or strikes at our plant and we are very confident of our product and its quality as well as its perception in the market. Since we are setting up our own Rolling Mill, and Bright Bar unit we shall be able to provide complete finish Stainless Steel products right from Scrap to End user, which will in turn show positive effects on our profitability margins.

- ***Abundance of Quality and Low cost Man Power:***

  We currently employ around 241 employees. Most of these employees are local and are on the payroll of the company. Halol being a small town compared to the other major metro cities and towns, the local man power costs are much lesser and hence benefits in cost competitiveness. Also, culturally man power in this area has a lot of industrial work experience due to high amount of Industrial activity from plants such as Panchmahals Steel, General Motors & Tarapuria Steel which are within a radius of 4 kms from our plant.

- ***Easy Availability of Raw Material:***

  We source our Raw Material i.e. Scrap from Domestic as well as International Markets. Our plant is 60 kms from ICD Dashrath Port and hence helps optimize transaction costs and shortage of raw material. Also, there are various local suppliers like Shree Ram Steel, Ratnesh Metal & Co, etc which are at close proximity to our Plant and are regular suppliers of Scrap to us.

- ***Abundant sales and trading experience of the Promoters and Key Management Team:***

  Our Promoter Directors and Key management personnel have over 20 years experience in the manufacturing and trading of Stainless Steel Products and Steel Scrap. They have excellent relations and goodwill in the market. Also both our Marketing Offices i.e. Mumbai and Vadodara are in close proximity to their local Stainless Steel Markets.

- ***Excellent track record and customer relations:***

  We have been supplying Stainless Steel for over 8 years to various Rolling Mills and other Stainless Steel Product manufacturers. Our clientele includes Suraj Stainless Ltd., Rajratna Metals and other such Stainless Steel Players.

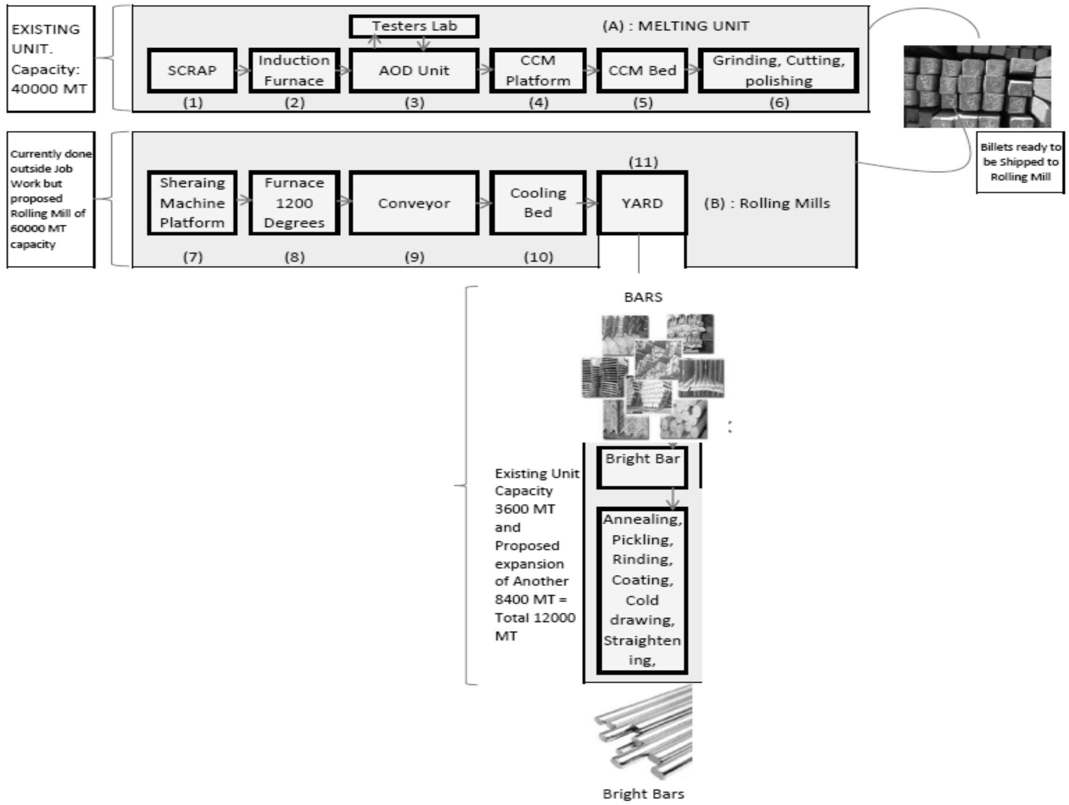
DETAILS OF OUR CURRENT BUSINESS AND KEY DEVELOPMENTS

The following table summarizes the various manufacturing and value added facilities and products our plant has and proposes to have:

Facility/Division & Products Offered	Process/Value addition	Current Operational Responsibility	Proposed Operational Responsibility	Status	Proposed changes
Scrap Melting Unit Billets	Induction furnaces are used to melt scrap into molten form	In-house	In-house	Operational	Expansion of installed capacity from 40,000 MT to 60,000 MT & allied Modernisation
AOD Unit and Testing Laboratory Billets	The molten scrap is checked and corrected w.r.t. chemical qualities of Stainless Steel.	In-house	In-house	Operational	Modernisation
Rolling Mill Black Bars, Wire rods, Square, Hexagon Bars etc.	Billets are further hot rolled into desired shapes such as Bars, Wire, Rods, etc.	Outside on job work basis	In-house	Under construction	Proposed In-House Rolling Mill with Annual capacity of 60000 MT.
Bright Bar Unit Bight Bar	Black, Hexagon, Square and other such bars produced at the rolling mill are further drawn and finished into Bright Bars	In-house	In-house	Operational	Capacity Expansion from 3600 Mt to 12000 Mt p.a.
Wind Mills for Captive Power	Commissioned Power generating Wind Mills help offset power consumed at Plant.	Given on Operating Contract to Suzlon	Given on Operating Contract to Suzlon	Operational *(Current aggregate installed capacity is 2.10 MW.)*	1 new Wind Mill proposed to be set up having 1.5 MW Power generating capacity.

A. Manufacturing Processes of various Units

A brief flow chart explaining the synergies of complete integration is presented below:



Technical details regarding certain key processes are explained below:

Manufacturing Process of Existing Billet Manufacturing Unit

To make stainless steel, the raw materials — scrap is melted in an electric induction furnace. This molten scrap is transferred to the AOD unit where the other raw materials such as iron scrap, chromium, silicon, nickel, etc are added. This step usually involves 8 to 12 hours of intense heat. Next, the mixture is cast into one of several shapes, including blooms, billets, and slabs.

Manufacturing Process of Existing Bright Bar Unit

Once Bars/Rods are rolled out of the Rolling Mill, they can be sent to the Bright bar unit for the following processes:

Annealing: Annealing restores ductibility and removes residual stress from processed metals. We have 2 pot furnaces as well as an in-line strand annealing to enable us to produce intricate shapes without overly taxing the material.

Pickling: The pickling process may be broken into two sections: mechanical scale breaking and chemical pickling. The surface of the strip is flexed and stretched so that the scale is cracked, which allows the hydrochloric acid to penetrate to the substructure (richer in iron) dissolving the scale (iron oxide) from the strip surface. The reaction between the hydrochloric acid and the scale is complex but the end result is that the scale is almost completely removed in the acid.

Rinsing: Following the pickling of the strip, the residue of acid solution on the surface is removed prior in the dip and rinse spray tanks. The strip then passes through a set of squeeze rolls and a hot air drier.

Coating: Post Rinsing the strip is coated using borax, lime, phosphate, and reactive lubes.

Cold Drawing: Cold drawing forms metal wire from a pre-rolled or pre-drawn condition into a secondary or final shape by pulling it through precision draw dies.

Straightening: Two different strengtheners that can handle a wide variety of shaped straightening are used. In addition, heat treated bars can be straightened directly off of the heat treat line.

Cutting: The Finished Bright Bars are now sent for cutting depending on customer specifications.

Manufacturing Process of the Proposed Rolling Mill

- Billets are either moved to the platforms of shearing machines or are cut into pieces of smaller lengths by oxy-acetylene torches. Pneumatically operated shearing machines shear the billets into smaller sizes.
- Sheared billets are piled over one another manually and these piles are picked by overhead crane that lifts it to the raised platform of pusher. Billets are placed manually in front of pusher. Pusher then pushes the billets into the furnace.
- In furnace billets are heated to over 1200 degree Celsius. When billets reach the other end of the furnace they are hot enough to be rolled.
- Red-hot billets are then pulled from the furnace on to the conveyor, which transports it to the rolling stand. After passing through rolling stands several times (depending upon the type of bar required) they are taken to the cooling bed. Bars rolled by the 18" mill are transported to the cooling bed by conveyor
- Bars are air-cooled while on cooling bed. Chains carry the bars and transport them at snail's pace to the conveyor. Slow speed of chains allows sufficient time for bars to cool down. Cooling bed adjacent to 18" mill drops the bars on to a conveyor which takes them to the bar yard. The other cooling bed drops them directly in to the bar yard without employing any conveyor.

B. Infrastructure facilities:

Raw Materials for various Units

Raw Materials Required for Billet Manufacturing Unit

The main raw materials required in our plant are Scrap and various Alloys.

Scrap: We buy our Scrap from Domestic as well as International Markets:

- Import: Different grades of Scrap and Turning are imported from USA, UAE and Germany. Major Suppliers are Al Saham Al Fadhi Metal, AKJAY International, etc.

- Domestic: Local Scrap dealers are approached for supply of Scrap and Turnings. Major local suppliers are Shree Ram Steel, Ratnesh Metal, etc. Also since we do supply billets to Rolling Mills, Bright Bar units (In-house and Outsiders) and other manufacturing concerns who all generate scrap post rolling and drawing, we can also procure the same scrap from them for our Melting Unit.

Alloys: Major alloys required for manufacturing of Stainless Steel are Nickel, Ferro Silicon & Chrome. The same are procured from domestic as well as international markets:

- Import: Nickel is being procured from Gold Matrix Resources Pvt Ltd UAE, Ferro Silicon is being procured through Erdos Xijin Kuangye Co Ltd China; Chrome is being procured through Technogerma Germany

- Domestic: Mostly other alloys are procured through IDCOL (Industrial Development Corporation of Orissa Limited)

Raw Materials Required for Proposed Rolling Mill

The main raw material for the proposed rolling mill is Billets, which is being produced in-house.

Raw Materials for Bright Bar Unit

The raw material for bright bar unit are mainly Round, Square, Hex bars and Wire rods. Currently since we do not have our own operative Rolling Mill and hence we are procuring Bars and Rods from outside. But once we have our own rolling mill even this product unit will have its raw material requirements sourced in-house.

Water Resources

Water is required mainly for the manufacturing process and is adequately available from the bore wells in the factory premises.

Power

The Company has a sanctioned load of 4000 KVA from MGVCL. This would be adequate for the present as well as estimated future requirements of the Company.

In addition to above, the plant has a power back-up through its in house installed 3 Diesel Generator sets having aggregate 1000 KVA Capacity.

Also, in order to reduce the impact of power costs on the profitability of the company we currently own two Wind Mills at the following locations:

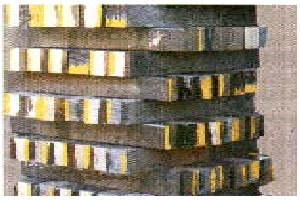
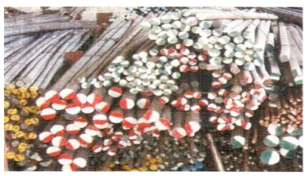
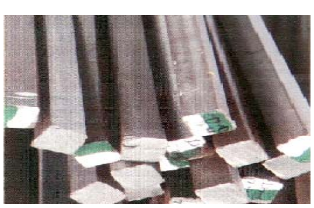
Sr. No.	Location	Capacity	Operative Since
1.	Vanku, Kutchch District, Gujarat	0.60 MW	2007
2.	Maliya(Miyana), Rajkot District, Gujarat	1.50 MW	2010
Total		**2.10 MW**	

These Wind Mills have an existing aggregate power generation capacity of 2100 KVA and are operated by Suzlon and its group companies on our behalf. The power generated by them at these sites is transmitted by M/s. Gujarat Energy Transmission Corporation Limited (GETCO) to the distribution network of our principal energy supplier namely Madhya Gujarat Vij Company Ltd (MGVCL). The amount of power transmitted to MGVCL is thereby adjusted against the power consumed by us the plant and reduced from our monthly bill. This leads to significant reduction in power costs.

The Company also proposes to set up one more Wind Mill having a power generating capacity of 1500 KVA on the same model in order to offset the expected increase in power consumption increase from the proposed expansion and modernisation plans. The same shall be funded from the IPO Proceeds.

C. Products and Services

We manufacture and deal in the following Stainless Steel Products:

Product	Size range	Grades	Nature of Product
Continuous Cast Billets/ Blooms 	100x100 mm, 120x120 mm, 140x140 mm, 160x160 mm, 200x200 mm Max Length: 9 mtrs	200, 300, 400, EN-series, Duplex Grades, & Alloy Steel Grades	Industrial
Stainless Steel Black Bars –RCS 	16x100 mm, 55x55 mm, 63x63 mm, 70x70 mm, 90x90 mm.	201, 202, 303 & 304L, 316 & 316L, 321, 410, 416, & 420	Industrial & Consumer
Stainless Steel Wire Road 	5.5 mm to 28 mm	200, 300, 400, Duplex Grade, & Alloy Steel Grades	Industrial & Consumer
Stainless Steel Bright Bars 	2.00 mm to 75.00mm Length: 1-6 mtrs	Tolerance level of : h8, h9, h10	Industrial & Consumer
Stainless Steel Hexagon & Stainless Steel Squares 	10.00mm to 56.00mm (3/8'' to 2.1/4'' Diameter) **Length:** 3 to 6 meters	303, 304 & 304L, 316 & 316L **Tolerance:** H-9, H-11	Industrial & Consumer

Marketing Set up

The Company's marketing set up is divided into:

- Direct sales through its own Factory Office at Halol, and its two Marketing Offices at Vadodara and Mumbai.
- Indirect sales through various dealers across India.

The Vadodara Office is in the Vadodara Steel Market at 202 Martand Complex, Pratap Nagar Road Vadodara-390004 Gujarat and the Mumbai office is also in close proximity to the Mumbai Stainless Steel Market at 17/19, Kanti Bhuvan, 1st Parsiwada lane Near V.P. Road, Mumbai-400004. Our Directors Mr. Babulal Mehta and Mr. Jayesh Pithwa are in charge of the activities at the Mumbai Offices and Our Director Mr. Shankar Mehta handles the Factory office and the Marketing Office at Vadodara.

Our Company along with its directors and key management personnel have over 30 years experience in the Stainless Steel Industry and have been able to develop a strong goodwill over these years. Our Whole time executive Director, Mr. Jayesh Pithwa is in charge of the marketing activities and has relations with various dealers and Rolling Mill manufacturers for over 20 years.

Exports

Our company exports its products to UAE, South Africa, Turkey and Singapore. Currently, exports account for only 10% to 15% of our total revenue.

Export Obligations

The Company has no outstanding Export Obligations.

D. BUSINESS STRATEGY

Our continuous focus on achieving **"Zero Error Product"** commensurating with our motto **"Quality beyond Stainless"** has established our strong presence in the Indian Market.

It is our Company's vision "to gain international recognition for cost leadership, product innovation and customer satisfaction and to be amongst the Top 10 Stainless Steel Producers in the Country".

Following are the key strategic initiatives of our Company:

- *Capitalize on the growth of the Indian Stainless Steel sector.*

  According to the ISSDA the Indian Stainless Steel sector has grown at approximately 14% p.a. over the last 15 years. We estimate that this growth shall be maintained and may also increase, considering the improved economic environment over the last year. Our strategy is to concentrate on core manufacturing of stainless steel and be a part of this growth story. We plan to leverage the improving economic scenario to increase our capacity utilization and thereby improve top line and bottom line results.

- *Achieve end to end integration.*

  Currently, we are operating a Melting unit with an annual installed capacity of 40,000 MT but we are only producing around 13,000 MT. This is because all our Rolling activities are done outside on a job work basis, and hence we cannot control the Rolling Mills as per our requirements, which in turn reduces our production. Once we set up the proposed Rolling mill, we shall roll all our billets generated from the Melting unit, in house and shall be able to augment the production of the Melting unit likewise as per our requirement. Secondly, by installing an additional LRF Unit, our existing capacity of 40,000 shall be further augmented to 60,000 MT p.a and hence we are setting up rolling capacities on the same lines too. Lastly, other benefits of forward integration such as lower product cost, lower transportation costs, lower wastage and spillage costs will be attained form the said expansion.

- *Ensure Low Power Costs*

We are power intensive industry and power contributes to a significant portion of our total costs. We plan to set up a Wind mill at Kutch having an installed capacity of 1500 KVA in addition to the existing Wind Energy units having aggregate capacity of 2100 KVA and hence we would be able to generate an aggregate power of 3600 KVA per annum. All the power units generated at these wind mills shall be transmitted and distributed to our production facilities at Halol. Once this new wind energy unit is commissioned, we shall be able to generate in-house considerable amount of the total power we consume. This shall help improve our bottom line figures and net operating margins. Also, we stand to benefit from the additional tax savings due to the increased depreciation on these units.

- *Continue the focus on Quality*

In line with our motto of "Quality beyond Stainless" we shall aim at achieving zero error products. For this, we are planning to modernize our existing Stainless Steel Melting Unit by installing New LRF Unit, New Testing Equipments and New Billet sharing machines. Once a Fully operational Rolling Mill is in place, the benefits from higher quality Billets shall be realized by top quality Rolling and Bright Bar facilities.

Future Prospects: Expansion Plans

Currently the company has an in-house Melting Unit, and Bright Bar unit and other facilities such as Drawing, Rolling etc are done by the Company outside on a job work basis. In order to achieve our goal of becoming a leading full-service integrated Stainless Steel Company with presence across the value chain, we are currently exploring options in the form of Backward and Forward Integration in the Stainless Steel Industry Value chain and are also considering certain key processes currently done outside, to be done in-house for improved productivity and profitability.

We plan to setup our own Rolling Mill at a plot adjacent to our existing production Plant in order to gain the advantages of forward integration. The land procurement for the Rolling Mill Project has been completed and the land leveling and shed construction for the same has already been started. We are also planning to increase our production capacity of Bright Bars to match the growing demand of this product. Also in order to further benefit from Power savings generated by owning Wind Energy Units we plan to set up a new Wind Mill having a Power generating Capacity of 1.5 MW at Gujarat.

Once the abovementioned projects are implemented we shall be able to process all the Stainless Steel we make from the Melting unit at our own Rolling Mills and hence achieve cost efficiencies provided by forward integration. Secondly, once the proposed wind energy units are operations we shall be able to save upto 60% of our Power costs. This will further lead to cost efficiencies and hence increase our competitive abilities.

Existing and future capacity & capacity utilization of our company:

Name of Division		Unit	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Billet Manufacturing Scrap Melting Unit	**Existing**							
	Installed	MT	4000	4000	4000	40000	40000	60000
	Utilised	MT	3000	3200	4000	13833	N.A.	N.A.
	% Utilised		75%	80%	100%	35%	N.A.	N.A.
	New							
	Installed	MT	-	-	36000	-	20000	-
	Utilised	MT	-	-	7461	-	N.A.	N.A.
	% Utilised		-	-	21%	-	N.A.	N.A.
	Overall							
	Installed	MT	4000	4000	40000	40000	60000	60000
	Utilised	MT	3000	3200	11461	13833	N.A.	N.A.
	% Utilised		75%	80%	28.65%	35%	N.A.	N.A.
Rolling Mill Unit	**Existing**							
	Installed	MT	-	-	-	-	-	-
	Utilised	MT	-	-	-	-	-	-
	% Utilised		-	-	-	-	-	-
	New							
	Installed	MT	-	-	-	-	60000	-
	Utilised	MT	-	-	-	-	N.A.	-
	% of		-	-	-	-	N.A.	-
	Overall							
	Installed	MT	-	-	-	-	60000	60000
	Utilised	MT	-	-	-	-	N.A.	N.A.
	% Utilised		-	-	-	-	N.A.	N.A.
Bright Bar Unit	**Existing**							
	Installed	MT	1000	1000	3600	3600	3600	12000
	Utilised	MT	750	1000	3200	3450	N.A..	N.A.
	% Utilised		75%	100%	89%	96%	N.A.	N.A.
	New							
	Installed	MT	-	2600	-	-	8400	-
	Utilised	MT	-	1500	-	-	N.A.	-
	% of		-	58%	-	-	N.A.	-
	Overall							
	Installed	MT	1000	3600	3600	3600	12000	12000
	Utilised	MT	750	2500	3200	3450	N.A.	N.A.
	% Utilised		75%	69%	89%	96%	N.A.	N.A.

E. Intellectual Property Rights

We do not own the trademark or logo we currently use. We hence face the risk of counterfeiting of products and also the risk of having to change our marketing and packaging materials in case there is any claim on our trademark and logo.

F. Land & Property

We own and lease certain properties for corporate operations and project development activities. The brief details of the properties owned/ leased by us for our corporate purposes are set out below:

Sr. No.	Description	Owned / Leased	Name of Sellers / Lessee	Purpose
1.	Land and Premises at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat. Bearing **Block/Survey No. 213/1 and 213/2**	Owned	Gujarat State Financial Corporation.	Current Plant and Registered Office Location
2	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat. Bearing **Block/Survey No.212/1 and 212/2**	Owned	Kesance Tyubing Private Limited	Current Plant Location
3	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat Bearing **Block/Survey No. 186/1**	Owned	Rathod Fatesinh Vajesinh	For Proposed Expansion
4	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat Bearing **Block/Survey No. 185**	Owned	1) Lakshmansinh Tribhovandas 2) Chaganbhai Tribhovandas 3) Raiben Tribhovandas 4) Chaturiben Tribhovandas 5) Bakiben Tribhovandas	For Proposed Expansion
5	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahal, State Gujarat Bearing **Block/Survey No. 184**	Owned	1) Fatesinh Vajesinh 2) Dolatsinh Vajesinh 3) Maniben Vajesinh 4) Bhagvansinh Mohansinh Rathod 5) Jagdishbhai Mohansinh Rathod 6) Manjulaben Mohansinh Rathod 7) Amrutaben Mohansinh	For Proposed Expansion

			Rathod 8) Amratben Desaibhai 9) Kamlaben Desaibhai 10) Natvarsinh Desaibhai 11) Machiben Desaibhai	
6	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat Bearing **Block/Survey No. 183/3**	Owned	1) Premilaben Ramabhai Makwana 2) Jagdishbhai Ramabhai Makwana 3)Dharmisthaben Ramabhai Makwana 4) Vinodbhai Ramabhai Makwana 5) Alpaben Ramabhai Makwana 6) Minaben Ramabhai Makwana	For Proposed Expansion
7	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat Bearing **Block/Survey No. 183/2**	Owned	1) Fuliben Koyabhai 2) Paniben Koyabhai 3) Moghiben Koyabhai 4) Jiviben Koyabhai 5) Khogarbhai Koyabhai 6) Premilaben Ramabhai Makwana 7) Jagdishbhai Ramabhai Makwana 8)Dharmisthaben Ramabhai Makwana	For Proposed Expansion

			9) Vinodbhai Ramabhai Makwana 10) Alpaben Ramabhai Makwana 11) Minaben Ramabhai Makwana	
8	Land at Halol Kalol Road, Village – Madhwas 389330, Tal. Kalol, Dist. Panchmahals, State Gujarat Bearing **Block/Survey No. 183/1**	Owned	1) Soniben Shabhaibhai 2) Maniben Shabhaibhai 3) Punambhai Shabhaibhai 4) Natvarbhai Shabhaibhai	For Proposed Expansion
9	Premises at 17/19, kanti Bhuvan, 1st Parsiwada lane, Near V.P. Road, Mumbai- 400004	Lease for 5 years from June, 2010	Mr. Shankarlal Deepchand Mehta	Marketing Office at Mumbai
10	Premises at 202 Martand Complex, Near Apsara Cinema Pratap Nagar Road Vadodara-390004 Gujarat	Lease for 5 years from June, 2010	Mr. Shankarlal Deepchand Mehta	Marketing Office at Vadodara

All Land acquired by the Company has a clear title, is duly registered in the name of the Company and has no pending approvals. The land is offered as security to PNB for availing various credit facilities.

Our Company does not propose to acquire any land from the IPO Proceeds.

The entities/persons from which our Company has acquired the land are not related to any of the promoters / directors of our company.

Both the Marketing Offices are owned by the promoters and leased to the Company. A monthly rent of Rs. 25,000 and Rs. 5,000 is to be paid for Mumbai and Vadodara premises respectively. For further details please refer “Other Agreements” on page 122 of this Draft Red Herring Prospectus.

G. Personnel

As of December 31, 2009, we employed 241 employees. Of these employees, 13 are professionals. Our professional staff members have a wide range of industry experience. Our workforce has grown from 64 employees as of March 31, 2007 to 241 as of December 31, 2009.

The breakdown of our workforce as of December 31, 2009 and at the end of each of the previous three fiscal years is:

	No. of Employees as of			
	December 31, 2009	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Technical Staff	48	12	10	9
Non Technical Staff	126	42	22	18
Support Staff	42	20	20	26
Sub Total	**216**	**74**	**52**	**53**
Senior Management	3	3	3	3
Middle Management	5	3	3	3
Junior Management	5	1	1	0
Other Staff	12	7	5	5
Sub Total	**25**	**14**	**12**	**11**
TOTAL	**241**	**88**	**64**	**64**

H. Insurance

Our Company's operations are subject to hazards inherent in any steel manufacturing company, such as risk of equipment failure, blasts in furnace, road accidents and other work accidents, fire, earthquake, flood and other force major events, such as terrorism and explosions including hazards that may cause injury and loss of life, destruction of property and equipment and environmental damage. But, unlike other manufacturing companies our goods are not subject to risk of fire, and that reduces our insurance burden to a certain extent.

We maintain comprehensive insurance covering our assets and operations at levels, which we believe to be appropriate. The aggregate coverage under the policies is Rs. 2440.40 lacs. Our Company has the following insurance policies as on date:

Sr. No.	Nature of Policy	Amount Insured (Rs.)
1.	Fire and Perils Policy (incl. Earthquake and Terrorism)	24,00,00,000
2.	Private Vehicle Insurance	21,51,136
3.	Public Vehicle Insurance	14.49,000
4.	Others	4,40,000
Total		**24,40,40,136**

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materializes. Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

KEY INDUSTRY 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.

Antidumping Guidelines

Duties are imposed on a source specific basis and can be expressed either on ad valoren or specific basis. Non-cooperative exporters are required to pay the residuary duty, which is generally the highest of the co-operative exporters.

Relief to Domestic Industry:

- **Lesser duty rules: -** Duties are imposed on a source specific basis and can be expressed either on ad valoren or specific basis. Non-cooperative exporters are required to pay the residuary duty, which is generally the highest of the co-operative exporters i.e. only that amount of duty which is sufficient to remove the injury to the domestic industry.
- **Injury Margin: -** Besides the calculation of the margin of dumping, the Designated Authority also calculates the injury margin which is the difference between the fair selling price due to the domestic industry and the landed cost of the product under consideration. Landed cost for this purpose is taken as the assessable value under the Customs Act and the basic customs duties.
- **De Minimis Margin: -** Any exporter whose margin of dumping is less than 2% of the export price shall be excluded from the purview of anti-dumping duties even if the existences of dumping, injury as well as the causal link are established. Further, investigations against any country are required to be terminated if the volumes of the dumped imports from that particular source are found to be below 3% of the total imports, provided the cumulative imports from all those countries who individually account for less than 3%, are not more than 7%.

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, corporate, 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. 1,000,000 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 interstate 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 rationalize 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 corporatization 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 Labor 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 Labor (Regulation and Abolition) Act, 1970

The purpose of Contract Labor (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 Laborers hired on contractual basis, then compliance with the Contract Labor (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 Labor Commissioners of the concerned District, who in turn functions under the supervision of Labor Commissioner.

HISTORY AND OTHER CORPORATE MATTERS

The Company was originally incorporated as "Rajputana Steel Casting Private Limited" on April 2, 1991 under the Companies Act, 1956 (No.1 of 1956). Pursuant to a Shareholders resolution passed on June 01, 2007 the Company became a public limited company and the word "Private" was deleted from its name and a fresh certificate of Incorporation was obtained on June 18, 2007 from Registrar of Companies. The name of the Company was further changed to "Rajputana Stainless Limited" and a fresh Certificate of Incorporation consequent to change in name was obtained on July 12, 2007 from the Registrar of Companies.

Changes in the Registered Office of our Company

Pursuant to a resolution passed at the Board Meeting of the company held on August 16, 1993 we have shifted our registered office from 30/B, Vrindavan Society, Halol, Panchmahals, Gujarat – 389350 to the current office address of 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals, Gujarat – 389330.

Main Objects of the Company

The object clauses of our Company enable us to undertake the activities for which the funds are being raised in the Issue as also the activities which our Company has been carrying on till date.

Our main objects as contained in our Memorandum of Association are as under:

"To carry on business of manufactures, buyers sellers, importers, exporters, agents, merchants, fabricators and dealers in all grades, types, qualities, shapes, categories and descriptions of ferrous and non-ferrous metals and their products including melting castings, heat treating, forging cold or hot rolling, re-rolling, slitting, edge milling, pressing, extruding, drawing and stampings of mild steel, carbon steel and alloy steel, special steel, stainless steel, moulds, malleable iron, S.G. iron, cast iron, injections and compression moldings, agricultural implements, die making and die casting, automobile parts, spare parts of all kinds of machinery and engineering works including structural and ferrous and non-ferrous rolling works in all kinds and to manufacture and deal in foundry work of all kinds and tin mill products and to work as makers of various types of steel and other metal equipment's and to do the business of dealing in metal scraps of all types".

Amendments to our Memorandum of Association

Since Incorporation the following changes have been made to our Memorandum of Association:

Date of Shareholders Approval	Major Events / Achievements
April 2, 1991	Incorporation as Rajputana Steel Castings Private Limited
February 25, 2000	Increase in Authorized Capital from Rs. 20,00,000 divided into 20,000 equity shares of Rs. 100/- each to Rs. 1,00,00,000 divided into 100,000 equity shares of Rs. 100/- each.
March 22,2005	Increase in Authorized Capital from Rs. 1,00,00,000 divided into 1,00,000 equity shares of Rs. 100/- each to Rs. 2,00,00,000 divided into 2,00,000 equity shares of Rs. 100/- each.
June 01, 2007	Change of Name from Rajputana Steel Castings Private Limited to Rajputana Steel Castings Limited.

Date of Shareholders Approval	Major Events / Achievements
June 25, 2007	Change of Name from Rajputana Steel Castings Limited to Rajputana Stainless Limited.
September 29, 2007	Change of Share Face Value from Rs.100/- to Rs.10/-.
November 1, 2007	Increase in Authorized Capital from Rs. 2,00,00,000 divided into 20,00,000 equity shares of Rs. 10/- each to Rs. 4,00,00,000 divided into 40,00,000 equity shares of Rs. 10/- each.
October 1, 2008	Increase in Authorized Capital from Rs. 4,00,00,000 divided into 40,00,000 equity shares of Rs. 10/- each to Rs. 20,00,00,000 divided into 2,00,00,000 shares of Rs. 10/- each.
March 24, 2010	Increase in Authorized Capital from Rs. 20,00,00,000 divided into 2,00,00,000 equity shares of Rs. 10/- each to Rs. 30,00,00,000 divided into 3,00,00,000 shares of Rs. 10/- each.

Changes in the activities of our Company during the preceding five years

There have been no changes in the activities of our Company during the preceding five years preceding the date of this Draft Red Herring Prospectus, which may have a material adverse effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Major Events in the History of the Company

Date	Event	Details
April 2, 1991	Incorporation	The Company was originally incorporated as "Rajputana Steel Casting Private Limited" on April 2, 1991 under the Indian Companies Act, 1956.
June 28, 1993	Production Commencement – MS Products	Started its Commercial Production of Mild Steel Products and Steel Castings with an annual capacity of 1000 MT.
October 30, 1999	Declared Non-BIFR Sick Unit	Was declared Non-BIFR Sick Industrial unit vide Government of Gujarat, Industries and Mines Department Resolution No. SIU-1098-668-CH under the Scheme for Rehabilitation of Small Scale and Non-BIFR Sick Viable Industries
November 1, 1999	Change in Management	Induction of new Directors from the Mehta Family and resignation of the Old Management Directors from the Agarwal Family.
November 10, 1999	Production Commencement – SS Products	Began Production of Stainless Steel Products with an annual capacity of 3000 MT while continuing the 1000 MT p.a. Production of MS Products.
March 1, 2001	Benefits granted for Non-BIFR Sick Unit	Deferment benefits of State and other Liabilities were granted under the Scheme for Rehabilitation of Small Scale and Non-BIFR Sick Viable Industries vide Government of Gujarat Industries Commisionerate's Order No. IC/GBIFR/MEETING/F.NO/205/442.
November 1, 2001	Stopped MS Production	Stopped the MS Production completely and SS Products capacity increased to 4000 MT p.a.
July 20, 2004	Completion of OTS with BOB	Receipt of No Dues Certificate from BOB pursuant to the OTS Scheme approved by BOB on 26th July, 2003.
May 14, 2005	New Bright Bar Unit	Set up Bright Bar Unit with initial capacity of 1000 MT p.a. at the existing Plant Location.
March 31, 2006	Removed from	Removed from list of Non-BIFR Sick unit as the

	list of Non-BIFR Sick unit	Company was now viable as per norms as set out vide Government of Gujarat, Industries and Mines Department Resolution No. SIU-1098-668-CH under the Scheme for Rehabilitation of Small Scale and Non-BIFR Sick Viable Industries.
September 11, 2006	Began Exports	First Exports were made by the Company to Dubai
March 23, 2007	Setting up of Wind Mill at Kutch	Setting up of Wind Farm in Kutchch for the purpose of captive power consumption with a capacity of 0.60 MW
June 01, 2007	Conversion into Public Limited Company.	Conversion of Private Limited Company in to Public Limited Company
June 25, 2007	Change of Name	Name changed to Rajputana Stainless Ltd.
November 14, 2007	ISO Certification	Awarded the ISO 9001:2000 Certificate from Global Certification Services of NABCB for its Quality Management System.
January, 15 2008	Bright Bar Unit Expansion	Installed new Bright Bar machines and increased installed plant capacity from 1000 MT to 3600 MT.
March 31, 2008	Performance Milestone	Crossed an Annual Turnover of Rs. 75 crore and a Net Profit after tax of Rs. 1 crore for the first time.
August 8, 2008	Raised Long term Debt Finance	Received Sanction for Long Term Finance from Punjab National Bank of around Rs. 10 crores along with working capital limits of Rs. 5 crores for proposed Plant Expansion
October 20, 2008	Plant Expansion completed	Setting up of new Induction Furnace & AOD unit and an increase in annual plant capacity to 40000 MT.
March 31, 2009	Performance Milestone	Crossed an Annual Turnover of Rs. 100 crore for the first time.
May 22, 2009	TUV Certification	Awarded the TUV certificate for Quality Assurance as per European Directive 97/23/EC by TUV Rheinland.
March 15, 2010	Plant Expansion via Forward Integration	Work begins on setting up a Rolling Mill at a plot adjacent to current plant.
March 16, 2010	Setting up of Wind Mill at Rajkot	Setting up of Wind Farm in Rajkot for the purpose of captive power consumption with a capacity of 1.50 MW
May 05, 2010	ISO 9001:2008 certification	Awarded the ISO 9001:2008 certificate for Quality Management Systems by M/s. BM Trada

Brief Corporate Profile and past performance of Our Company

The Company was established in the year 1991 and started its commercial production in the year 1993. Located at Kalol near Vadodara it is well connected with the Major Cities. With a Heat size of 20 tons, it produces around 20,000 tons of Stainless Steel annually making it one of the leading Manufacturer and Exporter of high quality Stainless Steel Billets, RCS, Wire Rod, Hexagon, Square, Black & Bright bars in various grades and sizes.

The Company's Revenues have grown from 3157.29 lacs in fiscal 2005 to Rs. 11281.21 lacs in fiscal 2009, at a CAGR of 37.49%. Our earnings before interest, tax, depreciation and amortization has increased from Rs. 46.21 lacs in 2005 to Rs. 657.69 lacs in 2009, at a CAGR of 94.23%. Our profit after tax has increased from Rs. 9.42 lacs in fiscal 2005 to Rs. 137.62 lacs in fiscal 2009, at a CAGR of 95.50%.This improvement in performance is due to the plant expansion carried out in 2008.

A. Capacity Build – Up:

Fiscal Year	Existing Capacity	Increased Capacity	Reasons for the Increase
(i) SS Billet Manufacturing Unit			
1999-2000	0	3000 MT	Began Stainless Steel Production
2001-2002	3000 MT	4000 MT	Closed MS Unit completely and became a dedicated Stainless Steel Unit
2008-2009	4000 MT	40000 MT	Plant Expansion and Modernisation
(ii) SS Bright Bar Unit			
2005-2006	0	1000 MT	Began Bright Bar Production in-house
2007-2008	1000 MT	3600 MT	Plant Expansion and Modernisation

b) *Our Technology:* The Company has a modern technology and methodology implemented manufacturing unit which is equipped with adequate infrastructure and State-of-the-art technology. Powered by advanced know-how and technical expertise, the plant is well placed to meet stringent international standards. The company uses Indigenous technology for the production of Stainless Steel which is according to the Industry Standards.

c) *Market:* The Company has a vast Clientele base all over the India and is growing its presence in the International Market with a presence in Middle East, America and South East Asia.

d) *Managerial Competence:* The Company's executive directors and Key Management personnel have over 20 years of experience in various activities involving Stainless Steel Industry.

e) *Number of Shareholders:* The Company has 24 (Twenty Four) Shareholders, holding 15924952 Shares as on date of filing of this Draft Red Herring Prospectus.

Promoters, Holding Company and Subsidiaries

For details regarding our Promoters, please see "Our Promoters and Group Companies" on page 138 of the Draft Red Herring Prospectus.

We do not have any Holding or subsidiary companies.

Shareholders Agreements

There is no agreement between any of the shareholders and the issuer company.

Other Agreements

1. Lease Agreement for Mumbai Office

A lease deed dated June 11, 2010 has been entered into between our Company and Mr. Shankarlal D. Mehta for using office premises at 17/19, Kanti Bhuvan, 1st Parsiwada lane, Near V.P. Road, Mumbai - 400004. As per the said agreement, we have lease right to utilize the said property for a period of five years from the date of agreement. We have not paid any deposit or any such consideration to Mr. Mehta pursuant to said agreement. A monthly rental of Rs. 25,000/- per month is to be paid for use of said premises.

2. Lease Agreement for Vadodara Office

A lease deed dated June 11, 2010 has been entered into between our Company and Mr. Shankarlal D. Mehta for using office premises at 202, Martand Complex, Near Apsara Cinema Pratap Nagar Road, Vadodara - 390004, Gujarat. As per the said agreement, we have lease right to utilize the said property for a period of five years from the date of agreement. We have not paid any deposit or any such consideration to Mr. Mehta pursuant to said agreement. A monthly rental of Rs. 5,000/- per month is to be paid for use of said premises.

Strategic Partners

There are no strategic partners with the Company.

Financial Partners

There are no financial partners with the Company.

OUR MANAGEMENT

Board of Directors:

Under our Articles of Association, our Company we are required to have not less than 3 (three) Directors and not more than 12 (twelve) Directors, subject to Section 252 and 259 of the Companies Act, 1956. As on the date of this Draft Red Herring Prospectus, our Company has 6 (Six) Directors on its Board, of which three are executive and three are independent. The following table sets forth the details of the Current Board of Directors:

Name, Father's Name & Address	Age	Status of Director in our Company	Occupation, DIN & Qualification
Mr. Shankarlal Deepchand Mehta S/o Late Mr. Deepchand J. Mehta 802, Krishna Towers, R.V.Desai Road, Pratapnagar, Vadodara - 390004, Gujarat	38	Chairman & Managing Director Executive Director	Business DIN: 02656381 B.Com
Mr. Babulal Deepchand Mehta S/o Late Mr. Deepchand J. Mehta 138-A, Chandanwadi, C.P.Tank Road, Mumbai - 400004. Maharashtra	51	Whole Time Director Executive Director	Business DIN: 02656396 SSC
Mr. Jayesh Natvarlal Pithwa S/o Mr. Natvarlal Pithwa 103, Parshwa Kunj, Malavia Road, Vile Parle(E), Mumbai 400057, Maharashtra	42	Executive Director	Business DIN: 01531196 B.Com
Mr. Sundaram Ramamurthi S/o Mr. Sundaram Nalasayam 101-B, Vasant Vihar, Dr. Gidwani Marg, Chembur, Mumbai – 400074	59	Independent Director	Salaried Executive DIN: 00135602 BA (Economics), C.A., MBA.
Mr. Jashvant Chinubhai Patel S/o Mr. Chinubhai Patel A-3, Akshar Dham Bunglows, Part II, Near Rangsagar Society, Bopal, Ahemadabad – 380058 Gujarat.	51	Independent Director	Business DIN: 02937888 Bsc. (Chemistry)
Mr. Dilip Kumar Vyas S/o Mr. Hirji Vyas 303/A, Akhilesh Appts, Subhanpura, Vadodara – 390023	55	Independent Director	Salaried Executive DIN: 03111604 M.Com

Except for Mr. S. Ramamurthi, who is the Executive Director – Corporate Affairs at Marathon Nextgen Realty Ltd, Citadel Realty & Developers Limited and Chhaganlal Khimji & Co. Ltd., Mr. Shankarlal D. Mehta and Mr. Babulal Mehta, who are both the directors of M/s. Rajputana Advisory Services Pvt Ltd, none of our other directors hold any other directorships elsewhere.

Important Notes regarding the Board of Directors

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management

There is no service contracts entered into by the Directors with our Company.

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

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

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

Brief Biographies of Directors

Mr. Shankarlal Deepchand Mehta

Mr. Shankarlal Deepchand Mehta, 38 years, is the Chairman and Managing Director of the company. He is also a principal promoter of the Company. He holds a bachelor's degree in Commerce from the Mumbai University. He has experience of 16 years in the Stainless Steel Industry. He started his career as a steel merchant in year 1993 at Mumbai along with his Brother Babulal Mehta. After successfully setting up a Stainless Steel Trading Business at Mumbai, in 1997 he moved to Vadodara and established his proprietary concern in the name of Yash Steel Centre for the trading of Stainless steel products. In 1999, he along with his brother took over the management of a running unit in the name of M/s Rajputana Steel Castings Private Limited at Kalol. Under his leadership Rajputana Stainless Ltd has grown from small scale unit running capacity of 1000 MT per year to a large scale manufacturing unit having production capacity of 40000 MT per year. Appointed on the board for the first time on 25th February, 2000. He is in charge of administration and day to day activity of the Manufacturing Setup of the Company at Kalol. He has been appointed as the Chairman and Managing Director of the Company at the Extra-ordinary General Meeting of our company held on November 24, 2008

Mr. Babulal Deepchand Mehta

Mr. Babulal Deepchand Mehta, 51 years, is the Whole Time Executive Director of the Company. He is also a principal promoter of the company. He started his career from his family business as a helping hand to his father Mr. Deepchand Mehta. Having had grass root level experience he has a complete understanding of various processes involved in the business including Rolling, Fabrication, Forging, etc. Due to his experience of more than 30 years in the Stainless Steel Business he has developed a strong marketing network having been associated with many Stainless Steel Industry Firms such as Viraj Ispat, Sun Flag Iron, Rimjhim, Mukund Iron and Steel, EzeeBar, etc. In 1999, he along with his brother took over the management of a running unit in the name of M/s Rajputana Steel Castings Private Limited at Kalol. Appointed on the Board for the first time on November 1, 1999 he is in charge of Business Development and Strategic Management of the Company and its marketing efforts at Mumbai. He has been appointed as Whole-time Executive Director on our Board at the Extra-ordinary General Meeting of our company held on November 24, 2008.

Mr. Jayesh Natvarlal Pithwa

Mr. Jayesh Natvarlal Pithwa, 42 years, is a Executive Director of the Company. He is also a principal promoter of the company. He has a bachelor's degree in Commerce from Mumbai University. He started his career as a steel merchant in Mumbai in 1990. He started his proprietary concern M/s. R Magan Lal & Company in 2005 and has been involved in the business of Forging of Steel Products ever since. He joined the Company as Executive Director on May 7, 2007 and has been the driving force behind the plant expansion and increased geographical presence of Rajputana Stainless Ltd during 2008-09. Mr. Jayesh Pithwa is heading the marketing division of the company and specializes in International Marketing, Looking after the Mumbai Office of the company. Under his guidance the company has undertaken several modernizations and diversification programmes successfully and economically. He has been last re-appointed as an Executive Director on our Board in the Annual General Meeting of our Company held on September 30, 2009.

Mr. Sundaram Ramamurthi

Mr. S. Ramamurthi, 59 years, is a Non-Executive Independent Director of the Company. He has a Bachelors Degree in Arts (Economics) from University of Madras, a Master's Degree in Business Administration (Systems Management) from Jamnalal Bajaj Institute of Management Studies, Mumbai and is a registered Chartered Accountant with ICAI. He has also successfully completed Part I at Institute of Company Secretaries of India. He has extensive experience in the field of raising equity and debt including IPO's, Private Placements, FCCB's, Construction Finance, ECB, FDI, CCD's etc. His achievements include setting up and managing the procurement investment finance aggregating to $ 85 million for various international projects. Having held responsible positions in companies such as JN Marshall Group – Pune, Anglo Thai Corporation-Recondo Limited, Shaw Wallace & Co. Ltd and the Piramal Group, he is currently working with the Marathon Group officiating as Executive Director – Corporate Affairs. He joined the Company as an independent director on February 24, 2010.

Mr. Jashvant C. Patel

Mr. Jashvant Patel, 51 years, is a Non-Executive Independent Director of the Company. He has a Bachelors Degree in Science (Chemistry) from the Gujarat University. He started his career with Gujarat Iron and Steel Company Limited (GISCL), Ahemadabad as a Quality Inspector. His job involved ensuring maintenance and continuous improvement of the quality and standards of the MS Round Bar, CWHSD, Twisted Bar, Railways Beaters, Flanges etc. His achievement in the GISCL was widely acknowledged amongst steel producers in the SME sector, and he later joined Malhotra Steel and Iron Gujarat Private limited as the Quality Control Manager and was associated in achieving higher quality of MS and Alloy Steel Ingots produced there. In 1980 he joined Mangalam Alloys Limited as Total Quality Manager and was in charge of implementing TQM philosophy and achieving Zero Error Products. His dedication towards his job, professionalism and technical expertise was recognized at Mangalam Alloys Limited and he was promoted as Director – Technical. In 1991, he started his own Company – He is currently involved in the business of trading of Steel Products. He joined the Company as an independent director on February 24, 2010.

Mr. Dilip Kumar Vyas

Mr. Dilip Kumar Vyas, 55 years, is a Non-Executive Independent Director of the Company. He has done his schooling from Sainik School Jamnagar and M.Com (Management) from M.S Uni., Vadodara. He is also an alumnus of IIM, Ahemadabad. He is an Ex Group Captain and in the past has offered his services in various fields for the Indian Air Force. He has been the Commissioned Officer with Indian Air Force, and also worked as Chief Administrative / Personnel Officer / Stn Security Officer / Provost Marshal at Air Force stations. His achievements include being commended by the Chief of Air Staff twice for outstanding performance; he was a member of Indian Peace Keeping Force in Sri Lanka, 2 Air force Command tenures. He has also done advanced financial accounting operations and had 2 tenures as Command Financial Advisor and Controller. He was also the India Head for Crediterity Info Services, Bangalore, where he looked into the overall daily functioning as well as charting a course for the company's expansion, profitability and growth. He is currently working with ABB at a senior post. He joined Our Company as an Independent Director on February 24, 2010.

Details of Term of the Directors

Name of the Director	Date of Resolution	Date of Expiry of Term
Mr. Shankarlal D. Mehta	24-11-2008	23-11-2013
Mr. Babulal D. Mehta	24-11-2008	23-11-2013
Mr. Jayesh N. Pithwa	30-09-2009	Liable to retire by rotation
Dr. Sundaram Ramamurthi	24-02-2010	Liable to retire by rotation
Mr. Jashvant C. Patel	24-02-2010	Liable to retire by rotation
Mr. D.K.Vyas	24-02-2010	Liable to retire by rotation

Relationship between Directors

Except for those mentioned below none of the Directors of the Company are related to each other

Name of the Director	Relationship with	Relation
Shankarlal Deepchand Mehta	Babulal Deepchand Mehta	Brothers
Babulal Deepchand Mehta	Shankarlal Deepchand Mehta	

Borrowing Powers of the Board

Pursuant to an Extra-Ordinary General Meeting Resolution dated 24-03-2010 passed by the shareholders of the Company in accordance with the provisions of the Companies Act, 1956, the Board has been authorized to borrow any sum or sums of money from time to time for the purposes of the Company upon such terms and conditions and with or without security as the Board may think fit, provided that the money or monies to be borrowed along with the monies already borrowed by the Company (apart from temporary loan obtained from the bankers in the ordinary course of business) shall not exceed the limit of Rs. 750 crores at any time.

Details of Compensation of the Directors

Executive Directors

Mr. Shankarlal D. Mehta

Mr. Shankarlal Deepchand Mehta was appointed as Chairman and Managing Director of the Company vide a shareholder's resolution dated 24-11-2008.

The terms and conditions of his appointment as revised vide a shareholder's resolution dated 27-03-2009 are given below:

Salary (In. Rs.)	Benefits, Perquisites, Allowances	Commission	Incentive Remuneration
1,080,000	Cost of Mobile Instruments and regular telephone bill (Personal long distance call shall be billed by Company to him)	-	-

Mr. Babulal D. Mehta

Mr. Babulal Deepchand Mehta was appointed as Whole Time Director of the Company vide a shareholder's resolution dated 24-11-2008.

The terms and conditions of his appointment as revised vide a shareholder's resolution dated 27-03-2009 are given below:

Salary (In. Rs.)	Benefits, Perquisites, Allowances	Commission	Incentive Remuneration
600,000	Cost of Mobile Instruments and regular telephone bill (Personal long distance call shall be billed by Company to him)	-	-

Mr. Jayesh N. Pithwa

Mr. Jayesh N. Pithwa was re-appointed as Executive Director of the Company vide a shareholder's resolution dated 30-09-2009.

Salary (In. Rs.)	Benefits, Perquisites, Allowances	Commission	Incentive Remuneration
480,000	-	-	-

The following table sets forth all Compensation paid/payable by the Company to the Executive Directors for the fiscal year ended March 31, 2009:

Name of Director	Remune-ration (In. Rs.)	Perquisites (In Rs.)	Commission (In Rs.)	Contribution to provident Fund and Superannua-tion Fund (In Rs.)	Total (In Rs.)
Shankarlal Mehta	840,000	Cost of Mobile Instruments and regular telephone bill (Personal long distance call shall be billed by Company to him)	-	-	840,000
Babulal Mehta	480,000	Cost of Mobile Instruments and regular telephone bill (Personal long distance call shall be billed by	-	-	480,000

		Company to him)			
Jayesh Pithwa	360,000	-	-	-	360,000
TOTAL	**1,680,000**	**-**	**-**	**-**	**1,680,000**

Independent Directors

The Company pays its Non-Executive Directors (NED's) sitting fees of Rs. 10,000 for every meeting of its Board, audit committee, remuneration committee, and shareholder/investor's grievance committee as authorized by the shareholders resolution dated 24-03-2010.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. We believe we are in compliance with the applicable provisions of the corporate governance code in accordance with Clause 49 of the Equity Listing Agreement.

Composition of Board of Directors

Presently, the Board of Directors of our Company consists of 6 (Six) Directors, of which 3 (three) are Executive Director and 3 (three) are Independent Directors. In compliance with the requirements of the listing agreement, at least 50% of the Board comprises independent Directors. The list of directors is given below:

Sr. No.	Director	Designation
1	Mr. Shankarlal D. Mehta	Chairman and Managing Director
2	Mr. Babulal D. Mehta	Whole Time Director
3	Mr. Jayesh N. Pithwa	Executive Director
4	Mr. Sundaram Ramamurthi	Independent Director
5	Mr. Jashvant C. Patel	Independent Director
6	Mr. D.K. Vyas	Independent Director

Various Committees of Directors:

We have constituted the following committees of our Board of Directors for our compliance with corporate governance requirements:

1. Audit Committee
2. Remuneration / Compensation Committee
3. Shareholders' / Investor Grievance Committee

1. *Audit Committee*

Our Company has constituted an Audit Committee vide resolution dated 26-02-2010 complying with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and has the following members: -

Sr. No	Name of Director	Designation	Executive / Non Executive
1.	Mr. Jashvant C. Patel	Chairman	Non-Executive Independent Director
2.	Mr. D.K.Vyas	Member	Non-Executive Independent Director
3.	Mr. Shankarlal D. Mehta	Member	Chairman & Managing Director

The scope of Audit Committee shall include but shall not be restricted to the following:

i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. Appointment, removal and terms of remuneration of internal auditors;

v. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   - 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;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Disclosure of any related party transactions;
   - Qualifications in the draft audit report;

vi. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

vii. 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 making appropriate recommendations to the Board to take up steps in this matter;

viii. Monitoring the use of the proceeds of the proposed initial public offering of the Company.

ix. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

x. 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;

xi. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;

xii. Discussion with internal and statutory auditors on any significant findings and reviewing findings of internal investigations by internal auditors, like matters of fraud or irregularity or failure of internal control systems, if any;

xiii. 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;

xiv. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xv. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;

xvi. To review the functioning of the Whistle Blower mechanism, when the same is adopted by the Company and is existing;

xvii. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;

The Audit Committee enjoys following powers: -

a. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
b. To investigate any activity within its terms of reference,
c. To seek information from any employee
d. To obtain outside legal or other professional advice, and
e. To secure attendance of outsiders with relevant expertise if considered necessary.

The Audit Committee shall mandatorily review the following information:

a. Management discussion and analysis of financial condition and results of operations;
b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
d. Internal audit reports relating to internal control weaknesses; and
e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company acts as the Secretary to the Committee.

Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

2. *Shareholders' / Investors Grievance Committee*

For redressing the Shareholder/ Investor complaints, the Company has constituted a Shareholders'/Investors Grievance Committee vide resolution dated 26-02-2010 and consists of the following members:-

Sr. No	Name of Director	Designation	Executive / Non Executive
1.	Mr. D.K.Vyas	Chairman	Non-Executive Independent Director
2.	Mr. Jashvant Patel	Member	Non-Executive Independent Director
3.	Mr. Shankarlal D. Mehta	Member	Chairman & Managing Director

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

i. Allotment and listing of our shares in future
ii. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
iii. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
iv. Reference to statutory and regulatory authorities regarding investor grievances;
v. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
vi. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of our Company acts as the Secretary to the Committee.

3. Remuneration/Compensation Committee

For Remuneration of Directors, our Company has constituted Remuneration/Compensation Committee vide resolution dated 26-02-2010. Committee has powers of recommending remuneration package to all Directors and consists of the following members:-

Sr. No	Name of Director	Designation	Executive / Non Executive
1.	Mr. D.K.Vyas	Chairman	Non-Executive Independent Director
2.	Mr. Jashvant C. Patel	Member	Non-Executive Independent Director
3.	Mr. S. Ramamurthi	Member	Non-Executive Independent Director

The scope of Remuneration/Compensation Committee shall include but shall not be restricted to the following:

i. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
ii. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
iii. To implement, supervise and administer any share or stock option scheme of the Company;
iv. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

Meeting of Remuneration/Compensation Committee

The Committee is required to meet at least once a year.

Shareholding of Directors

Save and except as mentioned below, our Directors do not hold any shares of the Company as on date of this Draft Red Herring Prospectus:

Sr. No.	Name of Director	No. of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post Issue Percentage Shareholding (%)
1	Mr. Shankarlal Deepchand Mehta	9,441,213	59.29%	[●]
2	Mr. Babulal Deepchand Mehta	720,013	4.52%	[●]
3	Mr. Jayesh Natvarlal Pithwa	215,500	1.35%	[●]
4	Dr. Sundaram Ramamurthi	-	-	[●]
5	Mr. Jashvant C. Patel	-	-	[●]
6	Mr. D.K. Vyas	-	-	[●]
Total		**10,376,726**	**65.16%**	**[●]**

The Articles of Association of our Company do not require the Directors to hold any qualification shares.

Interest of Directors

Our Company has been promoted by Mr. Shankarlal Deepchand Mehta, Mr. Babulal Deepchand Mehta & Mr. Jayesh Natvarlal Pithwa, all of whom are on the board of directors of our Company and may be deemed to be interested in the promotion of our Company to the extent of shares held by them, their relatives and companies and ventures promoted by them. Also, Mr. Shankar Mehta receives rent of Rs. 25,000 and Rs. 5,000 per month as being the lessor of our leased marketing offices at Mumbai and Vadodara respectively.

All our Directors may be deemed to be interested to the extent of remuneration and/or fees, if any, payable to them for attending meetings of the Board and of committees thereof, reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under the Articles of Association and the applicable laws.

All our directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any either the Director himself, other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations.

All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and/or by their friends and relatives in the Issuer or allotted to them in the present Issue in terms of this Draft Red Herring Prospectus.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

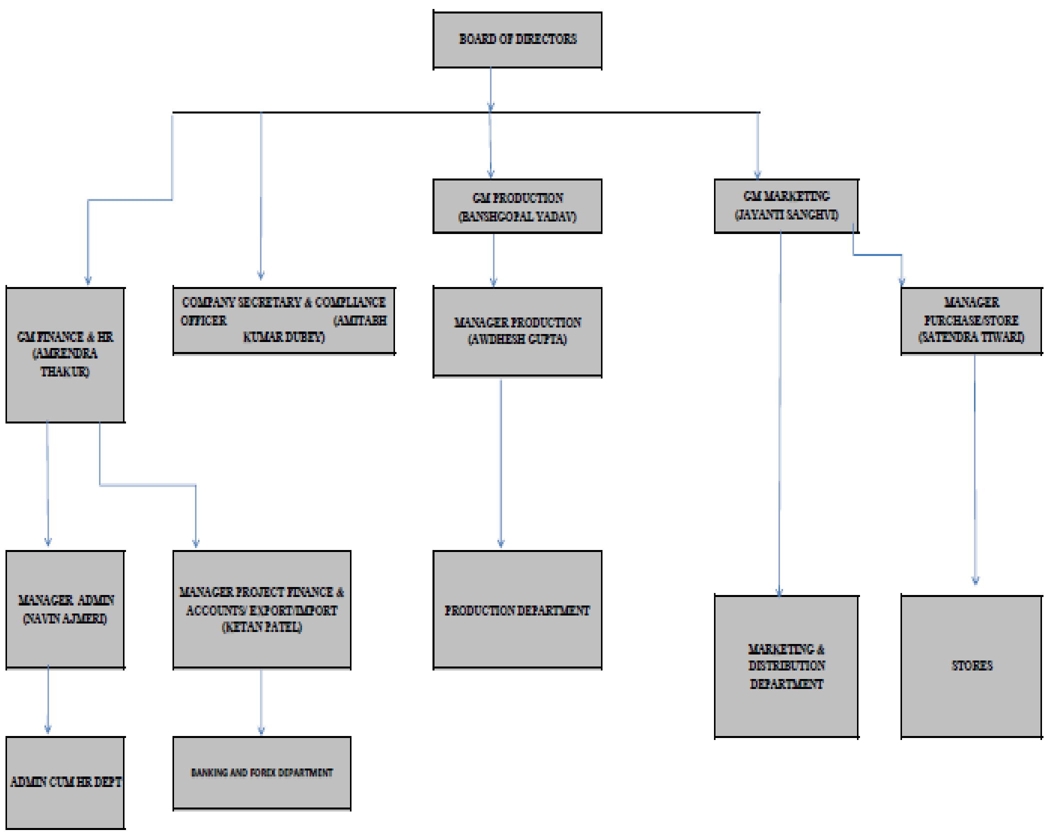
Except as stated otherwise in this Draft Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

Changes in the Board of Directors during the last 3 (three) years

Save and except as mentioned below, there had been no change in the Directorship during the last 3 (three) years:

Sr. No.	Name	Nature of Change	Date of Change	Reasons for Change
1	Mr. Sundaram Ramamurthi	Appointed	24-02-2010	Induction of Independent director to claim compliance with Listing Agreement and Corporate Governance norms.
2	Mr. Jashvant C. Patel	Appointed	24-02-2010	Induction of Independent director to claim compliance with Listing Agreement and Corporate Governance norms.
3	Mr. D.K.Vyas	Appointed	24-02-2010	Induction of Independent director to claim compliance with Listing Agreement and Corporate Governance norms.

Functional Organization Chart



Key Managerial Personnel

The operations of our Company are overseen by a professional management team, under the guidance of the three Executive Directors of the Company. The top management team has the requisite experience and the qualification for their respective responsibilities. A brief profile of our Key Management Personnel is as follows:

Mr. Bansh Gopal Yadav- General Manager, Production

Aged 39 years, and Indian National, Mr. Gopal is designated as General Manager – Production of the Company. He holds a Master's degree in Science with specialization in Chemistry. He joined the Company as AGM – Production on June 1, 2008. He has an experience of 14 years in operating Steel Melting Furnace, AOD Units and other testing Equipments at Steel Manufacturing Plants. He is the over all in-charge of the production in our Company. He was previously employed with Ambica Steel Limited at Ghaziabad, Uttar Pradesh. The gross compensation paid to him during the fiscal year 2009 was Rs. 7 Lacs.

Mr. Amrendra Kumar Thakur– General Manager, Finance & HR

Aged 37 years, and Indian National, Mr. Kumar is designated as General Manager – Finance & Human Resources of the Company. He holds a Masters in Business Administration with a specialization in Finance, a Masters in degree in Arts with a specialization in Economics and has successfully cleared his CIC Exams. He joined the Company as Senior Manager, Finance and H.R on August 1, 2008 and has an experience of 10 years in various departments. He handles the financial reporting and human resource compliances of the company. He was previously employed with the Indian Air Force. The gross compensation paid to him during the fiscal year 2009 was Rs. 3 Lacs.

Mr. Ketan Patel – Manager, Project Finance, Accounts / Export Import

Aged 27 years, and Indian National Mr. Patel is designated as Manager, Project Finance, Accounts / Export Import of the Company. He holds a Bachelor's of Commerce degree and a Masters of Commerce degree. He is also a registered Chartered Accountant with ICAI. He joined the Company as GM – Marketing on May 01, 2010. He has an experience of 3 years in audit and tax consultancy. His responsibilities in the company include preparation of accounts, bank information and reports, coordinating for loan syndication, preparation of budgets and interaction with auditors. He was previously engaged with M/s. O.P.Singhania & Co., Chartered Accountants.

Mr. Jayanti Sanghvi – General Manager, Marketing

Aged 31 years, and Indian National Mr. Sanghvi is designated as General Manager – Marketing of the Company. He holds a Bachelor's of Commerce degree. He joined the Company as GM – Marketing on April 1, 2008. He has an experience of 10 years in Dealing in Stainless Steel and Steel Scrap. He is responsible for business development and handling strategic corporate initiatives. He was previously engaged into his own Proprietary Trading Activities. The gross compensation paid to him during the fiscal year 2009 was Rs. 4.50 Lacs.

Mr. Amitabh Kumar Dubey, Company Secretary and Compliance Officer

Aged 30 years, and Indian National, Mr. Dubey is designated as Company Secretary & Compliance Officer of the Company. He holds a Bachelore Degree in Commerce, a Bachelores Degree in Law (LLB), and is a registered Company Secretary. He has an experience of around 2 years handling secretarial work. He is responsible for managing company law related matters for our Company and ensuring compliance. He joined the Company as Company Secretary and Compliance Officer on 24-02-2010.

Mr. Navin Ajmeri – Manager, Administration

Aged 51 years, and Indian National Mr. Ajmeri is designated as Administration Manager of the Company. He holds a Bachelor's degree in Commerce. He joined the Company as Operations Head on May 14, 2007. He has an experience of 22 years in handling Dispatch, Billings, and other such Factory Administration Activities. He is in charge of the day to day administration related issues of the company. He was previously employed with Zydus Cadilla Limited at Vadodara. The gross compensation paid to him during the fiscal year 2009 was Rs. 2.50 Lacs.

Mr. Awdhesh Gupta – Manager, Production

Aged 36 years, and Indian National, Mr. Gupta is designated as Manager – Production of the Company. He holds a Bachelors degree in Science and a Diploma in Computers. He joined the Company as Manager – Production on January 05, 2009. He has an experience of 14 years in operating Melter-AOD, I/F & LRF and other testing Equipments at Steel Manufacturing Plants such as Shah Alloys, Viraj Alloys etc. He is in charge of the manufacturing equipments and other activities. He was previously employed with Vipras Castings Limited at Raigarh, Maharashtra.

Important Notes regarding our KMP

All our KMP as disclosed above are permanent employees of the Company.

Except Mr. Jayanti Sanghvi, who is the nephew of our Promoter director Mr. Shankarlal D. Mehta none of them are related to each other or to any of the Directors/Promoters of the Company.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the KMP of our Company are selected as a director or member of Senior Management

Shareholding of the Key Management Personnel

Apart from Mr. Jayanti Sanghvi who holds 87,500 shares of the Company in his individual capacity none of the KMP hold any shares of the Company.

Bonus or Profit Sharing Plan of the Key Management Personnel

Our Company has a performance linked bonus and does not have a profit sharing plan for the Key Management Personnel.

Interest of Key Management Personnel

The KMP of our Company does not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of their shareholding, if any in the Company.

None of our KMP has been paid any consideration of any nature from our Company, other than their remuneration.

Changes in Key Managerial Personnel during the last 3 (three) years

The Changes in the KMP in the last three years are as follows:

Sr. No.	Name of Employee	Date of Appointment / Resignation	Designation at the time of change	Reason for Change
1	Mr. Ketan Patel	01-05-2010	Manager – Project Finance	Fresh Appointment
2	Mr. Girish Prajapati	31-03-2010	GM - Finance & H.R	Resignation
3	Mr. R.K.Agarwal	28-02-2010	GM – Operations	Resignation
4	Amitabh Kumar Dubey	24-02-2010	Company Secretary and Compliance Officer	Fresh Appointment
5	Awdhesh Gupta	05-01-2009	Manager, Production	Fresh Appointment
6	Amrendra Kumar Thakur	01-08-2008	Senior Manager – Finance & HR	Fresh Appointment
7	Bansh Gopal	01-06-2008	AGM Production	Fresh Appointment
8	Jayanti M Sanghvi	01-04-2008	GM –Marketing	Fresh Appointment

Employee Share Purchase and Employee Stock Option Scheme

The Company does not presently have any stock option scheme or stock purchase scheme for its employees.

Payment or Benefit to Officers of the Company

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of the officers except the normal remuneration for the services rendered as Directors, officers or employees, since the Incorporation of the Company.

Except as stated in the Auditors report on Related Party Transactions on Page 164 of this Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors.

OUR PROMOTERS AND PROMOTER GROUP COMPANIES

OUR PROMOTERS

Our Individual Promoters are:

1. Mr. Shankarlal Deepchand Mehta
2. Mr. Babulal Deepchand Mehta
3. Mr. Jayesh Natvarlal Pithwa.

Details of Our Individual Promoters:

1. Mr. Shankarlal Deepchand Mehta

Identification	Details
Age	38 years
Qualification	B.Com
Experience	More than 15 years
Occupation	Business
PAN	AEWPM3898J
Passport No.	E5939208
Driving License Number	117/00912309
Voters' ID	FCV7695604
Bank Account Number	01471000047892
Name of Bank & Branch	HDFC BANK, Karelibaug Branch, Vadodara
% pre-issue share holding in the Issuer Company	59.29%
DIN	02656381

2. Mr. Babulal Deepchand Mehta

Identification	Details
Age	51 years
Qualification	SSC
Experience	More than 30 years
Occupation	Business
PAN	AEEPM0912M
Passport No.	N.A.
Driving License Number	N.A.
Voters' ID	MT/04/022/150794
Bank Account Number	00331300066539
Name of Bank & Branch	HDFC Bank, Manjalpur Vadodara
% pre-issue share holding in the Issuer Company	4.52%
DIN	02656396

3. **Mr. Jayesh Natvarlal Pithwa**

Identification	Details
Age	42 years
Qualification	B.Com
Experience	More than 20 years
Occupation	Business
PAN	AADPP6145Q
Passport No.	E4385879
Driving License Number	85W17610
Voters' ID	N.A.
Bank Account Number	6610002040
Name of Bank & Branch	Dena Bank, Vile Parle (E), Mumbai
% pre-issue share holding in the Issuer Company	1.35%
DIN	01531196

For detailed profile of each of our individual promoters please refer "Our Management" on page 124 of this Draft Red Herring Prospectus.

Declaration

We confirm that except for Mr. Babulal Mehta who does not have a passport, the personal details of our Individual Promoters viz., Permanent Account Number, Bank Account Details and Passport Number have been submitted to the Stock Exchanges, at the time of filing of this Draft Red Herring Prospectus. We further confirm that, our Promoter has not been declared as willful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoter.

The Company and its Promoters have been in the business of Manufacturing Stainless Steel from Scrap. The Company regularly supplies to Rolling Mills and also gets Rolling done on a job work basis outside. We are aware of its working and infrastructure requirements, but have no experience in building and operating a Rolling Mill completely by itself. Operating a Rolling Mill Furnace and Working on Rolls are new activities for our Company. The company shall rely on its Key Managerial Personnel and Technical staff deployed for effective implementation of this forward integration process. Accordingly any inability to effectively manage and operate this proposed unit could adversely affect our results of operations and financial conditions.

Interest of Promoters in our Company

Our Company is promoted by Mr. Shankarlal D. Mehta, Mr. Babulal D. Mehta, and Mr. Jayesh N. Pithwa. At present our Promoters together hold 10,376,726 Equity shares of our Company. Our promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and also to the extent of shares held by their relatives. Our Promoters may also benefit from holding directorship in our Company.

Save and except as stated above and as stated in the chapter titled "Our Management" on page 124 of this Draft Red Herring Prospectus, our Promoters have no other interest in our Company.

Payment or benefits to our Promoters during the last two years

Except as stated in the section titled "Auditors Report" on page 146 of this Draft Red Herring Prospectus, there has been no payment or benefits to our Promoters during the last two years from the date of this Draft Red Herring Prospectus.

Other ventures of Promoters

Save and except as disclosed on page 141 in this Draft Red Herring Prospectus, there are no other ventures of our Promoters in which they have business interests / other interests.

Companies / Firms from which the Promoters have disassociated in last 3 (three) years

None of our Promoters have disassociated themselves from any of the Companies, firms or other entities during the last three years preceding the date of this Draft Red Herring Prospectus.

Interest in the property of Company

The promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

OUR PROMOTER GROUP

Apart from our Promoter, the following individuals and companies comprise our Promoter Group.

Promoter Group Entities as per Regulation 2(1)(zb) of the SEBI Regulations:

a) The natural persons who are part of our Promoter Group (due to the relationship with our Promoters) are as follows:

Name of Promoter Group Member	Relationship with Promoters
Mrs. Bhaguben B. Mehta	Wife of Mr. Babulal D. Mehta
Mr. Girish B. Mehta	Son of Mr. Babulal D. Mehta
Mrs. Hetal J. Pithwa	Wife of Mr. Jayesh Pithwa
Mr. Kalpesh B. Mehta	Son of Mr. Babulal D. Mehta
Mr. Motilal D. Mehta	Brother of Mr. Babulal and Mr. Shankarlal Mehta
Mr. Natvarlal Pithwa	Father of Mr. Jayesh N. Pithwa
Mrs. Nirmalaben N. Pithwa	Mother of Mr. Jayesh N. Pithwa
Mrs. Pinky Jain	Daughter of Mr. Babulal D. Mehta
Mr. Ramesh D. Mehta	Brother of Mr. Babulal and Mr. Shankarlal Mehta

b) Companies, Firms and HUFs which form part of our Promoter Group are as follows:

1. Where the Promoter is an Individual

Sr. No.	Relationship	Mr. Shankarlal D. Mehta	Mr. Babulal D. Mehta	Mr. Jayesh N. Pithwa
1.	Any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the Promoter or a firm or HUF in	***Rajputana Advisory Services Pvt. Ltd.***	***Rajputana Advisory Services Pvt. Ltd.***	-

	which the Promoter or any one or more of his immediate relative is a member			
2.	Any company in which a company mentioned in the above, holds 10% of the total holding	-	-	-
3.	Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total holding	***Yash Steel Centre*** (Sole Proprietary Concern of Mr. Shankarlal D. Mehta)	***Babulal Deepchand Mehta (HUF)*** (HUF of the Babulal Mehta family where Mr. Babulal Mehta is the Karta)	***R. Maganlal & Co.*** (Sole Proprietary Concern of Mr. Jayesh N. Pithwa)

Other Persons, Firms or Companies which do not form a part of any of the above relationship criteria's but form a part of Promoter Group.

Sr. No.	Name	Reason
1.	Vikram M. Mehta	Relative
2.	Kamla M. Mehta	Relative
3.	Rohiniben R. Mehta	Relative
4.	Mahendra M. Mehta	Relative
5.	Jayanti M. Sanghvi	Relative

Apart from those mentioned above there are no other Companies promoted by our Promoter or where in any of our Promoters have any controlling interest such that they can be our Group Companies.

DETAILS OF OUR PROMOTER GROUP ENTITIES

1. Rajputana Advisory Services Pvt. Ltd. (RASPL)

RASPL was incorporated on 18th May 2010 as a private limited company under the Companies Act, 1956. The registered office of RASPL is at 802, 8th Floor, Krishna Towers, Opp. Bank of Baroda, RV Desai Road, Vadodara – 390001, Gujarat, India. The promoters of RASPL are Mr. Shankarlal D. Mehta and Mr. Babulal D Mehta and RASPL is involved in the Investments business.

The Main Objects as contained in its Memorandum of Association are:

"To carry on the business activities of financial consultant and investment Advisor in all of the aspects including:

- *i. Procurement, syndication of any type of domestic and/or foreign currency financial assistance, loan, hire purchase and lease facilities, commercial paper, inter-corporate loans/deposits, suppliers' credit, buyers' credit, bridge finance, trade finance, import finance, export credits, bills finance, venture and seed capital assistance, conditional loans, grants and subsidies, placement of debentures, factoring services,*
- *ii. Ad-hoc line of credit, letter of credit, deferred payment and co-acceptance guarantee and other such type of non-fund facilities, whether domestic or foreign.*
- *iii. Advisor to the public, right, euro issue or private placement."*
- *iv. Investment advisor.*

Shareholding Pattern:

The shareholding Pattern of RASPL as on June 15, 2010 is as follows:

Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
Shankarlal D. Mehta	6000	60%
Babulal D. Mehta	4000	40%
Total	**10000**	**100%**

Board of Directors:

The Board of Directors comprises of Mr. Shankarlal D. Mehta and Mr. Babulal D. Mehta.

Financial Performance:

Since the Company is newly incorporated there is no past financial performance that can be disclosed.

RASPL is an unlisted company and has not made any public or rights issue in the preceding three years. It is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up. Further, RASPL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

2. M/s. Yash Steel Centre

It is a proprietary concern of Mr. Shankarlal D. Mehta and engaged in the business of trading in Stainless Steel and Steel Scrap having its office at 202, Martand Complex, Near Apsara Cinema Pratap Nagar Road, Vadodara - 390004, Gujarat. The Concern is promoted by Mr. Shankarlal D. Mehta.

Financials

(Rs. In Lacs)

Particulars	2008-09	2007-08	2006-07
Capital	3.39	0.50	1.75
Sales	60.01	452.33	467.75
Profit	(4.56)	3.40	6.09

3. M/s. R. Maganlal & Co.

It is a proprietary concern of Mr. Jayesh N. Pithwa and engaged in the business of trading in ferrous and non ferrous metals having its office 17/19, Kanti Bhuvan, 1st Parsiwada lane, Near V.P. Road, Mumbai- 400004. The Concern is promoted by Mr. Jayesh N. Pithwa.

Financials

(Rs. In Lacs)

Particulars	2008-09	2007-08	2006-07
Capital	12.56	13.91	3.57
Sales	39.37	45.19	47.85
Profit	0.12	2.71	2.63

4. Babulal D. Mehta HUF

The HUF with Mr. Babulal D. Mehta as Karta is engaged in the business of Investments and Trading having its office at 138, Chandanwadi, C.P.Tank, Mumbai – 400004.

Financials

(Rs. In Lacs)

Particulars	2008-09	2007-08	2006-07
Capital	11.55	9.42	1.29
Sales / Income	1.50	1.11	2.27
Profit	1.49	1.07	2.19

Declaration

We confirm that our Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been detained as willful defaulters by RBI or any government authority and there are no violations of securities laws committed by any of them in the past or any such proceedings are pending against any of them. Additionally, none of the Promoters or Promoter Group Entities or Persons in Control of Body corporate forming part of our Promoter Group has been restrained from accessing capital markets for any reasons by the SEBI or any other authorities.

Shareholding of Promoter & Promoter Group:

The Pre-Issue & post-Issue shareholding of our Promoters and our Promoter Group is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	as a% of Issued Equity	No. of Equity Shares	as a% of Issued Equity
A	**Promoters**				
1	Shankarlal D. Mehta	9,441,213	59.29%	9,441,213	[●]
2	Babulal D. Mehta	720,013	4.52%	720,013	[●]
3	Jayesh N. Pithwa	215,500	1.35%	215,500	[●]
	Total (A)	**10,376,726**	**65.16%**	**10,376,726**	[●]
B	**Promoter Group, Relatives and Other Associates acting in Concert**				
4	Babulal D. Mehta HUF	212,800	1.34%	212,800	[●]
5	Bhaguben B. Mehta	478,166	3.00%	478,166	[●]
6	Girish B. Mehta	48,500	0.30%	48,500	[●]
7	Hetal J. Pithwa	292,000	1.83%	292,000	[●]
8	Kalpesh B. Mehta	107,750	0.68%	107,750	[●]
9	Motilal D. Mehta	396,412	2.49%	396,412	[●]
10	Motilal D. Mehta HUF	154,000	0.97%	154,000	[●]
11	Natvarlal Pithwa	272,000	1.71%	272,000	[●]
12	Nirmalaben N. Pithwa	275,500	1.73%	275,500	[●]
13	Pinky Jain	6,875	0.04%	6,875	[●]
14	Ramesh D. Mehta	358,062	2.25%	358,062	[●]
15	Ramesh D. Mehta HUF	150,665	0.95%	150,665	[●]
16	Vikram M. Mehta	152,000	0.95%	152,000	[●]
17	Jayanti M. Sanghavi	87,500	0.55%	87,500	[●]
18	Kamla M. Mehta	145,000	0.91%	145,000	[●]

19	Mahendra M. Mehta	81,200	0.51%	81,200	[●]
20	Rohiniben R. Mehta	100,000	0.63%	100,000	[●]
	Total (B)	**3,318,431**	**20.84%**	**3,318,431**	[●]
	Total (A+B)	**13,695,156**	**86.00%**	**13,695,156**	[●]

Defunct Promoter Group Companies

Save and except as disclosed in this chapter, none of our group companies have been defunct.

Litigation

For details relating to Litigations involving the Promoters and Promoter Group Entities please refer "Outstanding Litigations and Material Developments" on Page 189 of this Draft Red Herring Prospectus.

Common Pursuits

Some of our Promoter Group Entities have common pursuits and are involved in the business of Trading and Dealing in Stainless Steel and Steel Scrap. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they may arise.

Related Party Transactions

Save and except as disclosed as an Annexure to the Auditors Report on page 164 of this Draft Red Herring Prospectus, there has been no payment or benefits to our Promoters during the last five years preceding the date of this Draft Red Herring Prospectus.

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 member's interim dividend if it considers justified by the profits generated by the company.

We have not declared any dividend since inception.

SECTION V: FINANCIAL INFORMATION

AUDITOR'S REPORT

The Board of Directors,
Rajputana Stainless Limited
Panchmahals.

Dear Sirs,

We have examined the Restated Summary financial Statements and Other Financial Information of RAJPUTANA STAINLESS LIMITED (formerly known as RAJPUTANA STEEL CASTINGS PRIVATE LIMITED up to 18th June, 2007) (the 'Company') for each of the five financial years ended March 31, 2005, 2006, 2007, 2008, 2009 & for the period ended 31th December, 2009 annexed to this report and initiated by us for identification. The said Restated Summary Statements and Other Financial Information have been prepared for the purposes of inclusion in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (collectively hereinafter referred to as "Offer Document) in connection with the proposed Initial Public Offer ("IPO") of the Company in accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');

(ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI'); and

(iii) The terms of our letter of engagement dated 26th March 2010 with the Company requesting us to carry out work in connection with the proposed IPO.

The Restated Summary financial Statements and Other Financial Information have been approved by the Board of Directors of the Company.

A. Restated Summary Financial Statements:

1. We have examined the attached 'Summary financial Statement of Assets and Liabilities, As Restated' (Annexure I) as at March 31, 2005, 2006, 2007, 2008, 2009, & for the period ended 31th December, 2009 and the attached 'Summary Statement of Profits and Losses, As Restated' (Annexure II) and the attached 'Summary Statement of Cash Flows, As Restated' (Annexure III) for the years ended March 31, 2005, 2006, 2007, 2008, 2009 & for the period ended 31th December, 2009 (Annexure I, II and III are collectively referred to in this report as the "Restated Summary financial Statements").
2. The Restated Summary financial Statements are after making adjustments and regroupings as in our opinion were appropriate and more fully described in the 'Statement of Significant Accounting Policies and Notes to the Statements' (Annexure IV).
3. We did not audit the financial statement of the company for financial years ending on 31.03.2005, 31.03.2006, 31.03.2007 and 31.03.2008. These financial statements have been audited by other auditors, namely M/S R.K.Raman & Co., Chartered Accountants, whose auditor's report have been furnished to us. Our opinion in so far as it relates to the amount included in these restated statements are based on the auditor's report of the respective auditors.
4. Based on our examination of the Restated Summary Statements, we confirm that:
   i. These summary financial statements of company have been restated with retrospective effect to reflect the significant accounting policies being adopted by company as on 31st March, 2009 as given in annexure IV to this report.
   ii. Amounts if any, relating to adjustments for previous years have been identified and adjusted in the statements in the year to which they relate;
   iii. The extraordinary items that need to be disclosed separately in the Restated Summary financial Statements have been disclosed separately;

iv. There are no qualifications in auditor's reports or incorrect accounting policies that require Adjustment in the Restated Summary Statements.

Summary of significant accounting policies adopted by the Company and material adjustments carried out in the preparation of the Restated Summary Statements and the significant notes to thereto be enclosed as Annexure IV to this report.

B. Other Financial Information

5. We have also examined the following financial information ("Other Financial Information") in respect of the Company as at and for the years ended March 31, 2005, 2006, 2007, 2008, 2009 & for the period ended 31st December, 2009 included in the offer document, as approved by the Board of Directors and annexed to this report:

Statement of Fixed assets, As restated V
Statement of Inventories, As restated VI
Statement of Sundry Debtors showing age-wise analysis VII
Statement of Loans and Advances, As restated VIII
Statement of Current Liabilities & Provisions, As Restated IX
Statement of Dividend X
Statement of Share capital XI
Statement of Reserves and Surplus, As restated XII
Statement of Secured Loans, As restated XIII
Statement of Unsecured Loans, As restated XIV
Statement of employee Cost, As restated XV
Statement of Manufacturing and Operating Expenses, As restated XVI
Statement of Administrative and other Expenses, As restated XVII
Statement of Selling & Distribution Expenses, As restated Annexure XVIII
Statement of Interest and finance charges XIX
Statement of Other Income, As restated XX
Statement of Deferred Tax assets and liabilities XXI
Statement of Related Parties and Transactions XXII
Statement of Auditor's Remuneration XXIII
Statement of Contingent Liabilities XXIV
Statement of Accounting Ratios, As restated XXV
Statement of Tax Shelter XXVI
Statement of Capitalization, As restated XXVII

6. In our opinion, the Restated Summary Financial Statements and the other Financial Information set forth in Annexure I to XXVII. read with the significant accounting policies and notes to the restated financial statements have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
7. This report is intended solely for your information and for inclusion in the Offer document in connection with the Company's proposed IPO of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

As per our report attached
For Vikas A. Manohar & Co.
Chartered Accountants

(Vikas A. Manohar)
Membership No. : 039097 | **Place: VADODARA**
Firm ICAI Registration No. : 111449W | **Date: 22nd June 2010**

Summary Statement of Assets and Liabilities, As Restated **ANNEXURE I**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
A) FIXED ASSETS						
Gross Block	157.55	267.65	657.53	672.11	2,397.24	2,402.78
Less : Depreciation	55.92	80.06	106.92	153.48	395.03	535.76
Add : Capital Work In Progress				698.19		190.28
Net Block	**101.63**	**187.59**	**550.61**	**1,216.82**	**2,002.21**	**2,057.30**
B) INVESTMENTS						
C) CURRENT ASSETS & LOANS & ADVANCES						
Inventories	490.32	1,051.21	1,569.61	1,723.37	2,503.91	5,007.83
Sundry Debtors	685.39	608.26	1,007.93	1,829.26	2,382.92	4,241.07
Cash & Bank Balance	8.82	9.52	12.45	25.52	17.25	11.04
Loan & Advances	53.31	129.93	226.01	647.32	945.07	1123.73
Gross Current Assets	**1237.84**	**1798.92**	**2815.99**	**4225.46**	**5849.17**	**10383.67**
Total Assets	**1339.47**	**1986.52**	**3366.60**	**5442.29**	**7851.38**	**12440.97**
Liabilities and Provisions						
Secured Loan	6.17	101.62	373.67	1466.87	3051.96	3324.57
Unsecured Loan	220.44	447.31	806.97	781.01	37.39	834.40
Deferred Tax Liability	10.06	10.43	57.79	111.78	124.51	144.28
CURRENT LIABILITIES AND PROVISIONS						
a) Current Liabilities	927.26	1045.58	1590.98	2002.88	2296.62	5044.32
b) Provision	55.43	51.78	86.89	147.17	151.06	230.00
Total Current Liabilities	**982.70**	**1097.37**	**1677.88**	**2150.05**	**2447.69**	**5274.32**
Sub Total (A)	**1219.37**	**1656.72**	**2916.31**	**4509.71**	**5661.54**	**9577.58**
Net Worth Represented by:						
Shareholders Funds:						
Share Capital	130.54	177.03	187.03	224.13	1568.12	1592.50
Share Application Money	0.01	0.01	0.01	0.01		
Reserves and Surplus	25.00	152.75	263.26	708.43	621.72	1270.89
Less: Deferred Tax Assets						
	155.54	**329.79**	**450.30**	**932.58**	**2189.84**	**2863.39**
Less: Profit & Loss Account	(35.44)					
Tangible Net Worth (B)	**120.10**	**329.79**	**450.30**	**932.58**	**2189.84**	**2863.39**
Total Liabilities (A+B)	**1339.47**	**1986.52**	**3366.60**	**5442.29**	**7851.38**	**12440.97**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Summary Statement of Profits and Losses, As Restated **ANNEXURE II**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Income						
Sales						
Of Products manufactured by the Issuer	2977.27	3604.07	6862.83	7861.11	10761.48	17753.00
Of Products traded in by the Issuer	105.00					
Net Sales	3082.27	3604.07	6862.83	7861.11	10761.48	17753.00
Other Income	3.49	3.73	6.85	19.70	214.52	85.10
Increase /(Decrease) in Inventories	71.53	273.71	73.42	313.66	305.21	732.54
Total	**3157.29**	**3881.51**	**6943.10**	**8194.47**	**11281.21**	**18570.64**
Expenditure						
Cost of Production	3010.38	3579.35	6547.79	7681.59	10310.85	17056.13
Staff Costs	24.96	31.56	33.01	51.60	92.55	164.78
Administration expenses	39.43	66.59	74.06	89.05	132.77	147.05
Selling & Distribution expenses	36.30	78.14	79.54	69.66	87.34	121.24
Deffered Revenue Expenses written off						
Total	**3111.08**	**3755.64**	**6734.41**	**7891.91**	**10623.52**	**17489.20**
Profit/(loss) before Interest depreciation and taxes	46.21	125.86	208.69	302.57	657.69	1081.44
Interest and finance charges	1.21	16.21	25.29	67.16	216.05	294.89
Depreciation	10.73	24.14	26.86	46.56	241.55	140.73
Profit before taxes	34.27	85.51	156.54	188.84	200.09	645.82
Restated Provision for taxes						
- Current Income Tax	20.85	13.91	17.39	21.40	48.00	50.00
- Deferred Income Tax	4.00	0.37	47.36	53.99	12.72	19.77
- Fringe Benefit Tax		1.02	1.28	2.23	1.75	
	24.85	**15.30**	**66.03**	**77.61**	**62.47**	**69.77**
Profit/(loss) after tax but before extraordinary items	9.42	70.21	90.51	111.23	137.62	576.05
Restated Profit/(loss) after tax & Extraordinary items	9.42	70.21	90.51	111.23	137.62	576.05
Balance brought forward from previous year	(44.87)	(35.44)	34.77	125.27	236.50	202.35
Balance available for appropriation, as restated	(35.44)	34.77	125.27	236.50	374.12	778.40
Appropriations						
- Balance Appropriated for Bonus Shares					(171.77)	
Total Balance Carried to Balance Sheet	(35.44)	34.77	125.27	236.50	202.35	778.40

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Cash Flows, As Restated	ANNEXURE III

(Rs.in Lacs)

	Particulars	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.12.2009
A.	**Cash flow from operating activities:**						
	Net (loss)/profit before tax but after exceptional/extraordinary items	**34.27**	**85.51**	**156.54**	**188.84**	**200.09**	**645.82**
	Adjustments for:						
	Depreciation	10.73	24.14	26.86	46.56	241.55	140.73
	Interest Expense	1.21	16.21	25.29	67.16	216.05	294.89
	Interest Income	(2.96)	0.00	(0.05)	(0.02)	(11.66)	(7.56)
	Operating profit before working capital changes	**43.24**	**125.86**	**208.64**	**302.55**	**646.03**	**1073.88**
	Adjustments for changes in working capital :						
	- (INCREASE)/DECREASE in Sundry Debtors	(230.45)	77.13	(399.67)	(821.33)	(553.66)	(1858.14)
	- (INCREASE)/DECREASE in Loans & Advances	17.64	(76.62)	(96.08)	(421.31)	(297.76)	(178.65)
	- (INCREASE)/DECREASE in Other Receivables						
	- (INCREASE)/DECREASE in Inventories	(164.21)	(560.89)	(518.40)	(153.76)	(780.54)	(2503.92)
	- INCREASE/(DECREASE) in Current Liabilities	173.79	118.32	545.40	411.90	293.75	2747.70
	- INCREASE/(DECREASE) in Provision	27.08	(3.65)	35.11	60.27	3.90	78.94
	Cash generated from operations	**(132.90)**	**(319.85)**	**(225.00)**	**(621.68)**	**(688.29)**	**(640.19)**
	- Taxes (Paid) / Received (Net of TDS)	(20.85)	(14.93)	(18.67)	(23.62)	(49.75)	(50.00)
	Net cash from operating activities	**(153.75)**	**(334.78)**	**(243.66)**	**(645.31)**	**(738.04)**	**(690.19)**
B.	**Cash flow from Investing activities:**						
	Purchase of fixed assets	(43.97)	(110.10)	(389.88)	(14.58)	(1725.14)	(5.53)
	Capital Work in Progress	0.00	0.00	0.00	(698.19)	698.19	(190.28)
	Interest Received (Revenue)	2.96	0.00	0.05	0.02	11.66	7.56
	Net cash used in investing activities	**(41.00)**	**(110.10)**	**(389.83)**	**(712.75)**	**(1015.28)**	**(188.25)**
C.	**Cash flow from financing activities:**						
	Proceeds from fresh issue of Share Capital (including Share Premium)	76.24	139.48	30.00	371.05	1119.65	97.50
	Share Application Money	(16.66)	0.00	0.00	0.00	(0.01)	0.00
	Increase / (Decrease) Secured Loans	0.68	95.44	272.05	1093.20	1585.09	272.62
	Increase / (Decrease) Unsecured Loans	108.54	226.87	359.66	(25.96)	(743.62)	797.01
	Interest Paid	(1.21)	(16.21)	(25.29)	(67.16)	(216.05)	(294.89)
	Net cash used in financing activities	**167.59**	**445.58**	**636.42**	**1371.13**	**1745.06**	**872.23**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**(27.16)**	**0.70**	**2.93**	**13.07**	**(8.26)**	**(6.21)**
	Cash & cash equivalents at the beginning of the period	35.99	8.82	9.52	12.45	25.52	17.25
	Cash & cash equivalents at the end of the period	8.82	9.52	12.45	25.52	17.25	11.04

Notes

1) During the F. Y. 2008-09, Company has issued 8731996 fully paid Bonus shares to the Equity Shareholders by capitalisation of Securities Premium & Profit & Loss account of Rs. 873.1996 lacs.

2) Figures in the bracket indicate cash outflow.

3) Cash Flow Statement is prepared as per indirect method as specified in AS-3 "Cash Flow Statement".

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

(A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The Financial statements have been prepared and presented under the historical cost convention, on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and in compliance with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act, 1956, as adopted consistently by management. All the income & expenditure having material impact on financial statements are recognized on accrual basis.

2. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statement and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

3. Fixed assets

It is corporate policy to state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and other incidental expenses related to the acquisition.

4. Depreciation

Depreciation on Fixed Assets is provided on triple shift basis by using Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with Notification No. 756E dated 16-12-93 and circulars No. 14/93 dated 20-12-93 issued by the Department of Company Affairs. Depreciation on Assets acquired / disposed off during the year is provided on prorate basis with reference to the date of addition / disposal.

5. Revenue recognition

i. Sales of goods are recognized on goods dispatched to the customers. Sale is net of return but inclusive of excise duty.

ii. Income by way of Job work charges are recognized at the time of clearance of processed goods from factory. Job Work charges are net of excise duty.

6. Inventories

The Inventory is valued as follows:-

I. Raw Material : - at cost by using FIFO method.

II. Finished Goods :- at cost or net realizable value, which ever is lower

III. Other Inventories : - at cost by using FIFO method (except C.I. moulds, which are valued at estimated residual value.

The excise duty on finished goods is accounted for on removal of goods from the factory premises and provision made for goods lying in bonded warehouse. Cenvat credit available on the materials is adjusted against purchases. Cenvat credit on capital goods is accounted on booking the capital goods, net of excise duty. Cenvat Credit not recouped in payment of excise duty is treated as "Receivable" and shown under "Loans and Advances". This has no effect on profit.

7. Employee Benefits

Gratuity is applicable to the Company. The Company follows cash system for accounting of gratuity payments.

8. Taxation

I. Current taxation

Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.

II. Deferred taxation

1. In accordance with the Accounting Standard 22. Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for by using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet Date.

2. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

3. Net outstanding balance in Deferred Tax account is recognized as deferred tax liability/asset. The deferred tax account is used solely for reversing timing difference as and when crystallized.

9. **Contingencies/Provisions**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes, if any. Contingent assets neither are nor recognized in the financial statements.

10. **Earnings per Share**
The Company reports basic and diluted earning per share in accordance with the Accounting Standard 20 (AS-20) issued by The Institute of Chartered Accountants of India on "Earning per Share". Basic earning per share is computed by dividing the Net Profit/Loss for the period by weighted number of Equity shares outstanding during the period. Diluted EPS is computed by dividing the Net Profit/Loss for the period by weighted number of Equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-diluted.

11. **Cash Flow Statement**
Cash flows are reported as per the indirect method as specified in AS-3 .Cash Flow Statement.

(B) NOTES TO RESTATED SUMMARY STATEMENTS

1. The Company was incorporated as a private limited company under the Companies Act, 1956 as RAJPUTANA STEEL CASTINGS PRIVATE LIMITED. Pursuant to a Certificate of Incorporation No. U27109GJ1991PTC015331 dated April 2nd, 1991. The Company became a public limited company on June 18th, 2007 and the new Certificate of Incorporation No. is U27109GJ1991PLC015331. Its name was changed from RAJPUTANA STEEL CASTINGS LIMITED to RAJPUTAN STAINLESS LIMITED as on July 12th, 2007.
2. 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.
3. The Company has reviewed its fixed assets for impairment loss as at December, 31st 2009, March, 31 2009, March 31st 2008, March 31st 2007, March 31st 2006, March 31st 2005 as required by Accounting Standard 28 "Impairment of Assets". In the opinion of management no provision for impairment loss is considered necessary. Related Party Disclosures as required in terms of 'Accounting Standard -18 are given in Annexure XXII.
4. Earnings Per Share (EPS) as required in terms of 'Accounting Standard -20 are given in Annexure XXV.
5. 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:

(Rs. In Lacs)

Particulars	**Balance as on 1st April,09**	**(Charged) /Credited To P&L**	**Balance as on 31st December,09**
Deferred Tax Liabilities	124.51	19.77	144.28

6. The figures of December 31st, 2009 are for 9 months and previous years March 31,2009 , March 31,2008 , March31,2007 , March 31, 2006 and March 31,2005 are for 12 months, Hence, December 31st, 2009 figures are not comparable with those of earlier years.

7. **Segment Reporting:**
The Company's operations predominantly relates to manufacturing and trading of "Stainless Steel", Hence there is no separate reporting segment as per Accounting Standard 17 "Segment Reporting" as issued by The Institute of Chartered Accountants of India.

8. Additional information for the Nine month period ended December 31, 2009 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 :-

Class of Goods	Unit of Quantity	Licensed Capacity		Installed Capacity		Actual Production	
		31.12.2009	31.03.2009	31.12.2009	31.03.2009	31.12.2009	31.03.2009
S.S. Billets/ A.S. Billets/M.S.Bilets/S.S.Rolled Round/A.S.Rolled Round/ M.S. Rolled Rounds etc.	MT	NA	NA	40,000 Mt On Triple Shift Basis	40,000 Mt On Triple Shift Basis	13833 MT	11461.9 MT

9. Statement of Impact on Profit & Loss due to restatements/adjustments made to Audited Financial Statements & Notes on Adjustments made in restated accounts.

(Rs. In Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Profit As per Audited P&L Account (A)	**9.42**	**71.23**	**89.49**	**111.23**	**137.62**	**576.05**
Adjustment :						
Effect of adjustments on tax (FBT)		(1.02)	1.02			
Total (B)	**0.00**	**(1.02)**	**1.02**	**0.00**	**0.00**	**0.00**
Restated Profit (A+B)	**9.42**	**70.21**	**90.51**	**111.23**	**137.62**	**576.05**

Note :
The Profit and loss account for year ended March 31, 2007, include short provision for tax for the year ended March 31,2006 amounting to Rs.1.02 lacs. Accordingly for this restatement, such short provision has been adjusted in the respective year.

10. **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 Nine month period ended December 31st , 2009.

Statement of Fixed assets, As restated **Annexure V**

(Rs. in Lacs)

Particulars	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.12.2009
Free Hold Land						
Gross Block	6.48	6.48	6.48	16.48	26.48	31.48
Less: Accumulated Depreciation						
Net Block	**6.48**	**6.48**	**6.48**	**16.48**	**26.48**	**31.48**
Factory Building & shed						
Gross Block	25.78	25.78	25.78	25.78	425.55	425.55
Less: Accumulated Depreciation	5.24	6.10	6.96	7.82	22.03	32.69
Net Block	**20.54**	**19.68**	**18.82**	**17.96**	**403.51**	**392.85**
Plant & Machinery						
Gross Block	87.89	189.41	189.41	189.41	1345.85	1345.85
Less: Accumulated Depreciation	44.10	63.68	83.27	102.85	242.02	346.39
Net Block	**43.79**	**125.72**	**106.14**	**86.55**	**1103.84**	**999.47**
Electric Installation						
Gross Block	7.94	7.94	11.61	11.61	126.97	126.97
Less: Accumulated Depreciation	1.73	2.11	2.51	3.06	9.10	13.62

Particulars	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.12.2009
Net Block	**6.21**	**5.83**	**9.10**	**8.55**	**117.87**	**113.35**
Furniture & Fixtures						
Gross Block	1.51	1.51	1.51	1.51	1.51	2.04
Less: Accumulated Depreciation	0.55	0.64	0.74	0.83	0.93	1.02
Net Block	**0.96**	**0.87**	**0.77**	**0.67**	**0.58**	**1.01**
Motor Vehicle						
Gross Block	19.29	27.45	54.45	58.32	81.23	81.23
Less: Accumulated Depreciation	2.35	4.95	9.65	15.00	74.70	80.48
Net Block	**16.95**	**22.50**	**44.80**	**43.31**	**6.53**	**0.74**
Laboratory Equipments						
Gross Block	8.66	8.66	8.66	8.66	29.27	29.27
Less: Accumulated Depreciation	1.96	2.37	2.78	3.19	4.58	5.62
Net Block	**6.71**	**6.30**	**5.88**	**5.47**	**24.69**	**23.65**
Office Equipments						
Gross Block		0.09	0.09	0.09	0.09	0.09
Less: Accumulated Depreciation		0.00	0.01	0.01	0.02	0.02
Net Block		**0.09**	**0.08**	**0.08**	**0.07**	**0.07**
Computers						
Gross Block		0.33	0.72	1.43	1.49	1.49
Less: Accumulated Depreciation		0.20	0.27	0.45	1.89	1.49
Net Block		**0.13**	**0.45**	**0.99**	**(0.40)**	**0.00**
Hydraulic Mobile Crane						
Gross Block			8.55	8.55	8.55	8.55
Less: Accumulated Depreciation			0.19	1.15	2.12	2.84
Net Block			**8.36**	**7.40**	**6.43**	**5.70**
Weighing Scale						
Gross Block			1.19	1.19	1.19	1.19
Less: Accumulated Depreciation			0.09	0.22	0.34	0.43
Net Block			**1.09**	**0.97**	**0.85**	**0.75**
Wind Farm at Location M-571						
Gross Block			349.08	349.08	349.08	349.08
Less: Accumulated Depreciation			0.45	18.89	37.32	51.14
Net Block			**348.63**	**330.20**	**311.77**	**297.94**
Total						
Gross Block	**157.55**	**267.65**	**657.53**	**672.11**	**2397.24**	**2402.78**
Less: Accumulated Depreciation	**55.92**	**80.06**	**106.92**	**153.48**	**395.03**	**535.76**
Net Block	**101.63**	**187.59**	**550.61**	**518.63**	**2002.21**	**1867.02**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Inventories, As restated **Annexure VI**

(Rs. in Lacs)

Particulars	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.12.2009
a) Stock of finished goods	246.27	519.98	593.41	907.07	1212.28	1944.82
b) Stock of Consumable	12.61	19.97	25.02	32.18	62.29	95.00
c) Stock of raw-materials	231.44	511.26	951.18	784.13	1229.35	2968.01
Total	**490.32**	**1051.21**	**1569.61**	**1723.37**	**2503.91**	**5007.83**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Sundry Debtors showing age-wise analysis, As restated **Annexure VII**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Sundry Debtors						
(Unsecured, considered good)						
Debts over six months	36.44	150.17	232.19	269.43	411.83	415.61
Total (A)	**36.44**	**150.17**	**232.19**	**269.43**	**411.83**	**415.61**
Other debts considered good	648.95	458.09	775.74	1,559.83	1,971.09	3,825.46
Total (B)	**648.95**	**458.09**	**775.74**	**1,559.83**	**1,971.09**	**3,825.46**
Total Debtors (A+B)	**685.39**	**608.26**	**1,007.93**	**1,829.26**	**2,382.92**	**4,241.07**

Refer Annexure IV – Notes on Adjustment in Restated Financial Statements.

Statement of Loans and Advances, As restated **Annexure VIII**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
LOANS AND ADVANCES **Advances recoverable in cash or in kind or for value to be received**						
Tax paid advance incl. Tax deducted at source	5.87	12.25	1.03	23.13	26.22	25.00
Excise Cenvat Receivable	4.37	48.14	16.01	6.50	53.42	20.41
FBT paid in Advance				2.83	3.00	
Sundry Deposits	6.40	11.40	47.16	210.06	310.95	367.11
Other Advances recoverable in cash or in kind	36.67	58.15	161.81	404.81	551.48	711.21
Total	**53.31**	**129.93**	**226.01**	**647.32**	**945.07**	**1123.73**

Refer Annexure IV – Notes on Adjustment in Restated Financial Statement.

Statement of Current Liabilities & Provisions, As restated **Annexure IX**

(Rs. In Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Current Liabilities						
Sundry Creditors						
- For Goods	849.26	808.56	1364.33	1819.53	2073.49	3846.32
- For Expenses	57.37	83.19	114.14	65.96	132.52	709.11
- For Capital Goods	9.11	105.40	79.86	67.32	40.98	95.79
Advance received from Customers	8.47	46.45	31.44	45.57	48.00	350.61
Statutory Liabilities	3.06	1.98	1.21	4.50	1.63	42.50
Sub Total (A)	**927.26**	**1045.58**	**1590.98**	**2002.88**	**2296.62**	**5044.32**
Provisions						
Provision for Expenses	34.58	37.87	85.62	123.54	101.31	180.00
Provision for Income Tax (Net of Tax paid)	20.85	13.91	0.00	21.40	48.00	50.00
Provision for Fringe Benefit Tax (Net of Tax paid)	0.00	0.00	1.28	2.23	1.75	0.00
Sub Total (B)	**55.43**	**51.78**	**86.89**	**147.17**	**151.06**	**230.00**
Total (A+B)	**982.70**	**1097.37**	**1677.88**	**2150.05**	**2447.69**	**5274.32**

Refer Annexure IV – Notes on Adjustment in Restated Financial Statement.

Statement of Dividend Paid, As restated **Annexure X**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Face Value of Equity Shares (Rs. Per Share)	100	100	100	10	10	10
Interim Dividend on Equity Shares	--	--	--	--	--	--
Final Dividend on Equity Shares	--	--	--	--	--	--
Total Dividend on Equity Shares	--	--	--	--	--	--
Dividend Rate	--	--	--	--	--	--
Dividend Tax	--	--	--	--	--	--

Note: No dividend is paid by the Company during the above mentioned Years/Period.
Refer Annexure IV – Notes on Adjustment in Restated Financial Statement.

Statement of Share Capital, As restated **Annexure XI**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
AUTHORISED						
200,00,000 Equity Shares of Rs. 10/- each	200.00	200.00	200.00	400.00	2000.00	2000.00
Issued, Subscribed and Paid up	130.54	177.03	187.03	224.13	1568.12	1592.50
Share Application Money	0.01	0.01	0.01	0.01		
Total	**130.54**	**177.04**	**187.04**	**224.15**	**1568.12**	**1592.50**

For the period ended 31st March 2005, Company has increased Authorized share capital from 1,00,000 fully paid Equity shares to 2,00,000 fully paid Equity shares of Rs.100 each.

For the period ended 1st November 2007, Company has increased Authorized share capital from 20,00,000 fully paid Equity shares to 40,00,000 fully paid Equity shares of Rs. 10 each.

For the period 29th September 2007, Reduction in Face Value from Rs. 100/- to Rs. 10/-

For the period ended 1st October 2008, Company has increased Authorized share capital from 40,00,000 fully paid Equity shares of Rs. 10 each to 200,00,000 fully paid Equity shares of Rs.10 each.

Issued, Subscribed and paid up:

For the period ended 31st March 2005, 26240 fully paid up equity shares of Rs.100/- each were issued at Rs100/- each and 25000 fully paid up equity shares of Rs.100/- each were issued at Rs.200/- each.

For the period ended 31st March 2006, 46492 fully paid up equity shares of Rs.100/- each were issued at Rs.300/- each.

For the period ended 19st March 2007, 10,000 fully paid up equity shares of Rs.100/- each were issued at Rs.300/- each.

For the period ended 31st March 2008, 371050 fully paid up equity shares of Rs.10/- each were issued at Rs.100/- each.

For the period ended 31st August 2008, 255000 fully paid up equity shares of Rs.10/- each were issued at Rs.100/- each.

For the period ended 15st October 2008, 3324991 fully paid up equity shares of Rs.10/- each were issued at Rs.10/- each.

(*) During the F. Y. 2008-09, Company has issued 8731996 fully paid Bonus shares to the Equity Shareholders by capitalisation of Securities Premium & Profit & Loss account of Rs. 873.1996 lacs.

For the period ended 30th March 2009, 992875 fully paid up equity shares of Rs.10/- each were issued at Rs. 40/- each.

For the period ended 31st March 2009, 135000 fully paid up equity shares of Rs.10/- each were issued at Rs. 100/- each.

For the period ended 15th May 2009, 243750 fully paid up equity shares of Rs.10/- each were issued at Rs.40/- each.

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Reserves & Surplus, As restated **Annexure XII**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Securities Premium						
Opening Balance		25.00	117.98	137.98	471.93	419.36
Add: During the year/ period	25.00	92.98	20.00	333.95	648.86	73.13
Less: Bonus shares issued					701.43	
Closing Balance (A)	**25.00**	**117.98**	**137.98**	**471.93**	**419.36**	**492.49**
Profit & Loss Account						
Opening Balance			34.77	125.27	236.50	202.35
Add: During the year/ period		34.77	90.51	111.23	137.62	576.05
Less: Bonus shares issued					171.77	
Closing Balance (B)		**34.77**	**125.27**	**236.50**	**202.35**	**778.40**
Total (A+B)	**25.00**	**152.75**	**263.26**	**708.43**	**621.72**	**1270.89**

- During the F. Y. 2008-09, Company has issued 8731996 fully paid Bonus shares to the Equity Shareholders by capitalisation of Securities Premium & Profit & Loss account of Rs. 873.1996 lacs.
- Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of secured loans taken by the Company, As restated **Annexure XIII**

(Rs. in Lacs)

Name of the Lender	Nature of Loan	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
A. Term Loans							
Punjab National Bank (Surat)	Term Loan			200.73	168.30	134.58	109.42
City Corp. Finance India Limited	Vehicle Loan	6.17	8.64	8.22	4.58	0.95	
H.D.F.C Bank Limited	Vehicle Loan			7.30	5.93	6.72	3.71
Centurion Bank of Punjab Limited	Vehicle Loan			6.89	4.61	2.08	
Sundram Finance Limited	Vehicle Loan			7.23	4.09	0.62	
Punjab National Bank (Surat)TL 1	Term Loan				764.95	750.50	626.34
Punjab National Bank (Surat)TL 2	Term Loan					342.48	307.86
Total Term Loans (A)		**6.17**	**8.64**	**230.36**	**952.46**	**1237.93**	**1047.33**
B. Working Capital Facilities							
Dena Bank (Baroda, Alkapuri)	Cash Credit		136.75	132.92			
Dena Bank (Mumbai, Gulalwadi)	Cash Credit		(43.78)	10.39			
Punjab National Bank (Surat)	Cash Credit				415.40	1712.77	1737.98
IDBI Bank	Cash Credit						539.27
Punjab National Bank (Vadodara)	Cash Credit				99.01	101.25	
Total Working Capital Facilities (B)			**92.98**	**143.31**	**514.41**	**1814.03**	**2277.25**
Total Secured Loans (A+B)		**6.17**	**101.62**	**373.67**	**1466.87**	**3051.96**	**3324.57**

Summary statement of terms and conditions of secured loans

(Rs. in Lacs)

Name of Bank	Nature of Loan	Sanction Amount	Outstanding as on 31.12.2009	Installment amount/ Repayment/ Reschedulement	Rate of Interest	Security
Term Loans						

Punjab National Bank (Surat)	Wind Mill 1 (0.6 MW)	200.00	109.42	24 quarterly installments commencing from June'2007	BPLR+0.50% term premia i.e.12.75% pa.	Hypothecation of WTG. By way of Mortgage: (1) Office No. FF-16B, First Floor, Shanti Chambers, Pratap Nagar Road, Near Gita Mandir, Vadodara. Mr Shankarbhai D. Mehta is a Owner of this property. (2) Shop No.22, Ground Floor, Meghdoot Apartment, Near Apsara Talkies, Pratap Nagar Road, Near Gita Mandir, Vadodara. Mr. Rameshbhai D. Mehta is a Owner of this property. (3) Shop No.23, Ground Floor, Meghdoot Apartment, Near Apsara Talkies, Pratap Nagar Road, Near Gita Mandir, Vadodara. Mr. Motilal H. Bothara is a Owner of this property. Pledge of FDR of Rs.15.00 Lacs. Personal Guarantors as under : 1) Mr. Babulal Mehta 2) Mr. Shankarlal Mehta 3) Mr. Ramesh Mehta 4) Mr. Motilal Bothara
H.D.F.C Bank Limited	Vehicle Loan (Bollero)	4.85	2.57	36 monthly installments commencing from October'2008	11.60%	Hypothecation of the Vehicles
H.D.F.C Bank Limited	Vehicle Loan (Indica)	3.25	1.14	36 monthly installments commencing from March'2008	10.00%	Hypothecation of the Vehicles
Punjab National Bank (Surat)TL 1	Term Loan (New Project)	825.00	626.34	20 quarterly installments commencing from December'2008	BPLR - 0.50%+0.50 % term premia (ie. 13%)	(1)Hypothecation of plant & machinery and registered mortgage of existing factory land situated at 212/1, 212/2 & 213/1 & 213/2 of Madhwas, Halol Kalol Road, District Panchmahal (2) Factory Land & Building Survey No. 185, village, Madhwas, Taluk:Kalol, Dist: Panchmahal - adjacent to the existing factory land and Building. Personal Guarantees as Under - Mr. Shankarlal Deepchand Mehta - Mr. Babulal Deepchand Mehta. - Mr. Jayesh Pithpa

Punjab National Bank (Surat)TL 2	Term Loan (expansion of new Project)	350.00	307.86	20 quarterly installments commencing from September'2009	BPLR+0.50% term premia i.e.14.5%pa.	(1)Hypothecation of plant & machinery and registered mortgage of existing factory land situated at 212/1, 212/2 & 213/1 & 213/2 of Madhwas, Halol Kalol Road, District Panchmahal (2) Factory Land & Building Survey No. 185, village, Madhwas, Taluk:Kalol, Dist: Panchmahal - adjacent to the existing factory land and Building. (3)Pledge of Duly discharged FDR standing in the name of company for Rs. 43.50 Lacs.
Working Capital Facilities						
Punjab National Bank (Surat)	Cash Credit	1750.00	1737.98	Cash Credit on Demand	BPLR i.e.14% pa.	Hypothecation of raw materials, stock in process, finished goods, Receivables and all other current assets of the company
IDBI Bank	Cash Credit	1500.00	539.27	On demand/Due date Repayment out of internal accruals	BPLR i.e.12.75% pa.	Primary Security 1st paripasu charge on the current assets of the Company. Collateral Security 2nd paripasu charge on the entire fixed assets of the company including factory,land and building, movable and immovable properties and Wind Mills. Any other security in line with consortium. Third party guarantees - Mr. Shankarlal Deepchand Mehta - Mr. Babulal Deepchand Mehta.
Total			**3324.57**			

Note: The Company has not defaulted on loans and no penalty has been levied.
Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Unsecured Loans, As restated **Annexure XIV**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
A) From Inter Corporate Loans (Interest rate)	Nil	Nil	Nil	Nil	Nil	Nil
B) From Subsidiary (Interest rates)	Nil	Nil	Nil	Nil	Nil	Nil
C) From Directors, share holders and their relatives & Others (Interest rates)						
Directors (Interest Free)	41.89	311.65	312.68	313.58		2.50
Share Holders (Interest Free)	4.60	4.60	4.60	4.60	4.60	4.60

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Electricity Duty Deferred Loan (Interest Free)	23.57	25.78	12.89	6.24	3.12	
Sales Tax Deferrement Loan (Interest Free)	27.59	49.82	40.92	35.92	27.92	23.55
Others (Relatives of Directors) (Interest Free)	122.79	55.46	435.87	420.67	1.75	803.75
Total (C)	**220.44**	**447.31**	**806.97**	**781.01**	**37.39**	**834.40**
Grand Total (A+B+C)	**220.44**	**447.31**	**806.97**	**781.01**	**37.39**	**834.40**

Note: The above mentioned loans are repayable on demand.
Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Employee Cost, As restated **Annexure XV**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Contribution To ESI & Other Funds	1.86	3.14	3.24	4.63	6.25	20.71
Remuneration To Directors	1.50	3.00	3.00	9.30	16.80	22.50
Salaries Wages & Allowances	17.96	20.97	21.66	30.76	61.28	114.43
Staff & Labour Welfare	3.64	4.45	5.12	6.91	8.21	7.13
Total	**24.96**	**31.56**	**33.01**	**51.60**	**92.55**	**164.78**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Manufacturing and Operating Expenses, As restated **Annexure XVI**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Stores & Spare Consumed	76.15	40.60	40.42	34.41	360.32	893.01
Power & Fuel	90.79	99.84	95.67	45.51	299.13	493.04
Processing Charges / Labour Charges	183.50	341.96	689.45	539.39	605.54	581.30
Excise duty Penalty	0.00	0.00	0.00	0.00	0.00	0.00
Excise & Custom Duty	344.23	516.99	992.47	1125.93	1158.60	1352.54
Total	**694.67**	**999.39**	**1818.01**	**1745.24**	**2423.59**	**3319.89**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Administrative Expenses, As restated **Annexure XVII**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Legal & Professional Charges	0.50	0.28	0.52	7.87	8.71	2.10
Rent Rates & Taxes	1.00	3.91	0.72	2.10	2.25	2.51
Insurance Charges	0.28	1.24	3.43	2.63	3.39	1.53
Repair & Maintenance						
- To Building	0.44					
- To Plant & Machinery	1.15	1.01	0.75	1.68	0.37	7.39
- To Others	0.27		0.11	0.21	0.28	
Wind Mill Substation Maintenance Charges				0.36	9.22	

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Auditors Remuneration	0.11	0.25	0.25	0.25	0.25	0.25
Postage, Telegram & Telephone	1.30	1.50	1.71	2.60	3.70	3.11
Printing & Stationery	0.80	0.93	0.97	1.36	1.44	1.26
Bank Charges	3.29	2.03	11.27	19.34	30.01	17.38
Misc. Expenses	0.90	1.20	1.54	2.61	3.56	30.46
Rebate & Discount	1.84	10.55	1.43	0.14		1.15
Donations	0.30		0.05	0.10	0.78	0.25
Vehicle Running & Maintenance exp.	22.93	42.91	50.83	46.91	60.90	75.31
Security Service Charges	1.55	0.80	0.23	0.67	3.84	4.36
Income Tax Expenses					1.01	
Service Tax Expenses					0.11	
T.D.S. Expenses					2.96	
Quality System Management Development Charges			0.25	0.25		
Sundry Balances Written Off	2.04					
Membership & Subscription						
Bombay Office Expenses	0.73					
Total	**39.43**	**66.59**	**74.06**	**89.05**	**132.77**	**147.05**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Selling & Distribution Expenses, As restated **Annexure XVIII**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Advertisement	0.10		0.06	1.08		1.00
Commission on Sales (Exports)			1.86	0.77		
Freight Outward	30.65	71.98	68.11	55.30	75.61	112.49
Sales Tax Expanses						
Travelling & Conveyance	5.55	6.16	9.51	12.51	11.74	7.76
Total	**36.30**	**78.14**	**79.54**	**69.66**	**87.34**	**121.24**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Interest and Finance Charges, As restated **Annexure XIX**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
To Bank :						
On Working Capital	0.56	14.83	17.82	35.28	130.27	167.39
On Term Loans			0.73	25.28	84.10	125.90
Subtotal (A)	**0.56**	**14.83**	**18.54**	**60.57**	**214.37**	**293.29**
To Others	0.39	0.64	4.34	3.98	0.04	
On Secured Loans	0.27	0.74	2.41	2.62	1.64	1.61
Subtotal (B)	**0.65**	**1.38**	**6.75**	**6.60**	**1.68**	**1.61**
Total (A+B)	**1.21**	**16.21**	**25.29**	**67.16**	**216.05**	**294.89**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Other Income, As restated **Annexure XX**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Job Work Income				12.83	176.45	77.18
Miscellaneous Receipts	0.01		1.84	6.85	19.74	0.29
Rebate & Discounts	0.51		4.95		2.19	0.07
Bad Debts Recovered		3.73			4.47	
Interest Income	2.96		0.05	0.02	11.66	7.56
Total	**3.49**	**3.73**	**6.85**	**19.70**	**214.52**	**85.10**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Deferred Tax assets and liabilities **Annexure XXI**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Opening Deferred Tax Liabilities / (Assets)	6.06	10.06	10.43	57.79	111.78	124.51
Add/(Less) : Deferred Tax Liabilities/(Assets) due to temporary difference	4.00	0.37	47.36	53.99	12.72	19.77
Closing Deferred Tax Liabilities / (Assets)	**10.06**	**10.43**	**57.79**	**111.78**	**124.51**	**144.28**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Related Parties and Transactions **Annexure XXII**

As per Accounting Standard - 18, issued by the ICAI, the Company's related parties and transactions with them are as under.

Key Management Personnel

For year Ended					For Period Ended
31.03.2005	**31.03.2006**	**31.03.2007**	**31.03.2008**	**31.03.2009**	**31.12.2009**
Mr. Shankarlal D. Mehta (Chairman and Managing Director)	Mr. Shankarlal D. Mehta (Chairman and Managing Director)	Mr. Shankarlal D. Mehta (Chairman and Managing Director)	Mr. Shankarlal D. Mehta (Chairman and Managing Director)	Mr. Shankarlal D. Mehta (Chairman and Managing Director)	Mr. Shankarlal D. Mehta (Chairman and Managing Director)
Mr. Babulal D. Mehta (Whole Time Director)	Mr. Babulal D. Mehta (Whole Time Director)	Mr. Babulal D. Mehta (Whole Time Director)	Mr. Babulal D. Mehta (Whole Time Director)	Mr. Babulal D. Mehta (Whole Time Director)	Mr. Babulal D. Mehta (Whole Time Director)
				Mr. Jayesh N. Pithwa (Whole Time Director)	Mr. Jayesh N. Pithwa (Whole Time Director)

Relatives of Key Management Personnel

For year Ended					For Period Ended
31.03.2005	**31.03.2006**	**31.03.2007**	**31.03.2008**	**31.03.2009**	**31.12.2009**
Surekhben Shankarlal Mehta	Surekhben Shankarlal Mehta	Surekhben Shankarlal Mehta	Surekhben Shankarlal Mehta	Surekhben Shankarlal Mehta	Surekhben Shankarlal Mehta
Rohini Mehta	Rohini Mehta	Rohini Mehta	Rohini Mehta	Rohini Mehta	Rohini Mehta
				Jayantibhai Sanghvi	Jayantibhai Sanghvi

Associates / Enterprises over which directors and / or their relatives has significant influence

For year Ended					For Period Ended
31.03.2005	**31.03.2006**	**31.03.2007**	**31.03.2008**	**31.03.2009**	**31.12.2009**
Surya Steel Centre	Surya Steel Centre	Surya Steel Centre	Surya Steel Centre	Surya Steel Centre	Surya Steel Centre
Ratnesh Metal Industries Private Limited	Ratnesh Metal Industries Private Limited	Ratnesh Metal Industries Private Limited	Ratnesh Metal Industries Private Limited	Ratnesh Metal Industries Private Limited	Ratnesh Metal Industries Private Limited
Babulal D Mehta (HUF)	Babulal D Mehta (HUF)	Babulal D Mehta (HUF)	Babulal D Mehta (HUF)	Babulal D Mehta (HUF)	Babulal D Mehta (HUF)
	Yash steel centre	Yash steel centre	Yash steel centre	Yash steel centre	Yash steel centre
			R.Maganlal & Co.		

Nature Of Transaction	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2005		31.03.2006		31.03.2007		31.03.2008		31.03.2009		31.12.2009	
	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative
Sales												
Surya Steel Centre	1.66		4.27		9.25		14.38		34.74		44.38	
Ratnesh Metal Industries Private Limited	102.68		11.71		487.32		279.64		2231.65		2994.66	
R.Magan lal & Co.							18.05					

Nature Of Transaction	For the year ended 31.03.2005		For the year ended 31.03.2006		For the year ended 31.03.2007		For the year ended 31.03.2008		For the year ended 31.03.2009		For the year ended 31.12.2009	
	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative	Associates concerns	KMP & Their relative
Yash steel centre					197.95		146.66		11.27		4.42	
Purchases												
Ratnesh Metal Industries Private Limited	3.17		107.92		438.32		61.49		864.18		1231.75	
Yash Steel Centre			552.45		108.17		261.26		23.10		228.70	
Job work from												
Ratnesh Metal Industries Private Limited	74.88		101.71		140.74		135.74		224.21		351.12	
Job Work for												
Ratnesh Metal Industries Private Limited	Nil		Nil		Nil		Nil		30.79		17.26	
Directors Remuneration												
Mr. Shankarlal D. Mehta		1.50		1.50		1.50		4.80		8.40		8.10
Mr. Babulal D. Mehta				1.50		1.50		3.00		4.80		4.50
Mr. Jayesh N Pithwa										3.60		3.60
Salary												
Surekhben Shankarlal Mehta		0.90		1.20		1.20		1.80		1.80		1.35
Rohiniben Ramesh		0.90		1.20		1.20		1.80		1.80		

Statement of Auditor' Remuneration **Annexure XXIII**

(Rs. in Lacs)

Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Statutory Audit Fees	0.08	0.20	0.20	0.20	0.20	0.20
Other Services	0.03	0.05	0.05	0.05	0.05	0.05
Total	**0.11**	**0.25**	**0.25**	**0.25**	**0.25**	**0.25**

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Contingent Liabilities	Annexure XXIV

(Rs. In Lacs)

PARTICULARS	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Income Tax demand disputed in Appeals				60.84	60.84	60.84
Total	**0.00**	**0.00**	**0.00**	**60.84**	**60.84**	**60.84**

Notes:

The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary financial statements.

Statement of Accounting Ratios, As restated	Annexure XXV

PARTICULARS	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
EPS Calculation (Considering Bonus Share Effect in Previous Years)						
Basic earning per share (In Rs.)	0.10	0.70	0.86	1.05	1.09	3.63
Basic earning per share (Before exceptional items) (In Rs.)	0.10	0.70	0.86	1.05	1.09	3.63
Diluted earnings per share (In Rs.)	0.10	0.70	0.86	1.05	1.09	3.63
Diluted earning per share (Before exceptional items) (In Rs.)	0.10	0.70	0.86	1.05	1.09	3.63
Net Assets value per share (Rs.)	92.00	186.29	240.76	41.61	13.96	17.98
Return on Net Worth (%)	7.84%	21.29%	20.10%	11.93%	6.28%	20.12%
No of Weighted average of outstanding shares						
i) No of shares at the beginning of the year	79297	130537	177029	187029	2241340	15681202
ii) No of shares at the end of the year	130537	177029	187029	2241340	15681202	15924952
iii) Weighted avg. no. of outstanding Equity Shares	9524966	10037366	10505574	10602286	12642743	15884920
iv) Weighted avg. no. of outstanding Equity Shares post dilution	9524966	10037366	10505574	10602286	12642743	15884920
EPS Calculation (Without Considering Bonus Share Effect in Previous Years)						
- Weighted No of shares at the end of the year	1305370	1770290	1870290	2241340	15681202	15924952
- Earning per share (In Rs.)	0.72	3.97	4.84	4.96	0.88	3.62
						(Rs. in Lacs)
- Net profit / (loss) attributable to equity Shareholders	9.42	70.21	90.51	111.23	137.62	576.05
- Net profit / (loss) attributable to equity Shareholders a before extra ordinary items	9.42	70.21	90.51	111.23	137.62	576.05
- Tangible Net Worth	120.10	329.79	450.30	932.58	2189.84	2863.39

Notes:

1. Brackets indicate negative figures.
2. Weighted average no. of shares has been calculated on time basis.
3. Formulas for calculating Ratios:

(i) Earning Per share (Rs.) = $\dfrac{\text{Net profit attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding during the year}}$

(ii) Net asset value per share (Rs.) = $\dfrac{\text{* Net worth}}{\text{Number of equity shares outstanding during the year}}$

Net worth = Equity Share capital + Share Application Money + General Reserves + Securities Premium Account (+/-) Surplus/Deficit in profit and loss Account (-) Miscellaneous Expenditure (to the extent not written off) (-) Deferred Tax Assets

(iii) Return on Net Worth (%) = $\frac{\text{Net profit attributable to equity shareholders}}{\text{Net worth}}$

4. Restated net profit, as appearing in the restated Statement of profits and losses (Annexure I) and net worth as appearing in the statement of restated assets and liabilities (Annexure II), has been considered for the purpose of computing the above ratios.
5. Earnings per share calculations are done in accordance with Accounting Standard-20 "Earning per share" issued by the Institute of Chartered Accountants of India.
6. Calculation of ratios post issue has not been considered.
7. During the F. Y. 2008-09, Company has issued 8731996 fully paid Bonus shares to the Equity Shareholders by capitalisation of Securities Premium & Profit & Loss account of Rs. 873.20 lacs
8. The potential dilution impact of share application money is considered as potential equity shares. The date of dilution of potential equity share is taken to have been issued on the respective date of receipt of amount for share application money.
9. For the period ended 31st March 2005, 26240 fully paid up equity shares of Rs.100/- each were issued at Rs100/- each and 25000 fully paid up equity shares of Rs.100/- each were issued at Rs200/- each.
10. For the period ended 31st March 2006, 46492 fully paid up equity shares of Rs.100/- each were issued at Rs300/- each.
11. For the period ended 19st March 2007, 10,000 fully paid up equity shares of Rs.100/- each were issued at Rs300/- each.
12. For the period ended 31st March 2008, 371050 fully paid up equity shares of Rs.10/- each were issued at Rs100/- each.
13. For the period ended 31st August 2008, 255000 fully paid up equity shares of Rs.10/- each were issued at Rs100/- each.
14. For the period ended 15st October 2008, 3324991 fully paid up equity shares of Rs.10/- each were issued at Rs10/- each.
15. For the period ended 30th March 2009, 992875 fully paid up equity shares of Rs.10/- each were issued at Rs. 40/- each.
16. For the period ended 31st March 2009, 135000 fully paid up equity shares of Rs.10/- each were issued at Rs 100/- each.
17. For the period ended 15th May 2009, 243750 fully paid up equity shares of Rs.10/- each were issued at Rs.40/- each.

Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

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Statement of Tax Shelter	Annexure XXV

(Rs. In Lacs)

Sr. No.	Particulars	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
A	**Profit/ (loss) before Tax, as restated**	34.27	85.51	156.54	188.84	200.09	645.88
B	Normal Tax Rate	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
C	Mat Tax Rate	17.00%	11.33%	11.33%	11.22%	8.42%	7.84%
D	Tax Impact at applicable Tax Rate on Restated Profit	11.65	29.07	53.21	63.56	67.35	236.31
E	**Permanent Difference**						
	Disallowance for Donation	0.30		0.05		0.78	0.25
	Other Expenses Disallowed					3.97	
		0.30	**0.00**	**0.05**	**0.00**	**4.75**	**0.25**
F	**Timing Difference**						
	Difference Between Tax Depreciation and Tax Depreciation	(6.54)	3.38	(140.71)	(146.47)	(50.03)	(31.21)
	Net (Allowable) / Disallowable Expenses u/s 40a	41.71	(41.71)				
		35.17	**(38.34)**	**(140.71)**	**(146.47)**	**(50.03)**	**(31.21)**
G	**Net Adjustment Total (G) = E + F**	**35.47**	**(38.34)**	**(140.67)**	**(146.47)**	**(45.29)**	**(30.96)**
H	Tax expense / (saving) thereon	12.06	(13.03)	(47.81)	(49.30)	(15.24)	(11.33)
I	Tax Liability (D + H)	23.71	16.04	5.39	14.26	52.11	224.98
J	Tax as per MAT(E)	5.83	9.69	17.74	21.19	16.85	50.63
K	**Total tax [(K)=(I)+(J) Whichever is higher]**	**23.71**	**16.04**	**17.74**	**21.19**	**52.11**	**224.98**

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 Nine months period ended December 31st, 2009 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 Financial Statements.

Statement of Capitalization, As restated **Annexure XXVII**

(Rs. In Lacs)

Particulars	Pre-issue as at March 31, 2009	Pre-issue as at December 31, 2009	Post Issue
A. Total Debts			
a) Short Term Debts	1814.03	2277.25	[●]
b) Long Term Debts	1275.32	1881.73	[●]
Total A. (a+b)	**3089.35**	**4158.98**	**[●]**
B. Shareholders Funds (Equity)			
a) Equity shares capital	1568.12	1592.50	[●]
b) Reserves and surplus	621.72	1270.89	[●]
c) Share Application Money	0.00	0.00	[●]
Total Share holders funds (B)	**2189.84**	**2863.39**	**[●]**
Long Term Debts / Equity	**0.58**	**0.66**	**[●]**
Debts / Equity (A/B)	**1.41**	**1.45**	**[●]**

Notes:

1. Short term Debts represent which are due within 12 months.
2. Long term Debts represent debts other than Short term Debt as defined above.
3. The figures disclosed above are based on re stated Summary statement of Assets and Liabilities of the company as at 31st march 2009 and for the period ended 31st December 2009.
4. Long term To Equity = Long term Debts/ Share holder's Funds
5. Total Debt to equity ratio = Total Debt/ Share holder's Fund
6. Share Application Money is considered for calculation of Shareholder's Fund.
7. The corresponding post issue figures are not determinable at this stage pending the completion of book building process and hence have not been furnished.

For Vikas A. Manohar & Co.
Chartered Accountants

(Vikas A. Manohar)
Membership No. : 039097
Firm ICAI Registration No. : 111449W

Place: VADODARA
Date: 22nd June 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the audited financial statements, for each of the fiscal years ended March 31, 2005, 2006, 2007, 2008 and 2009 and the nine month period ended December 31, 2009 including the Schedules, Annexures and Notes thereto and the Reports thereon, which appear in the section titled "Auditors Report" beginning on page 146 *of this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Regulations as described in the Independent Auditor's Report of M/s. Vikas A. Manohar & Co., Chartered Accountants dated 22-06-2010 in the chapter titled 'Auditors Report' beginning on page* 146 *of this Draft Red Herring Prospectus.*

Our Financial Year (FY) ends on March 31 of each year, so all references to a particular FY are to the twelve month period ended March 31 of that year.

A. BUSINESS OVERVIEW

We are a growing Stainless Steel Manufacturing Unit with an annual capacity of 40,000 MT. In addition, we have an in-house Bright Bar manufacturing Unit having an annual capacity of 3,600 MT and two Wing Mill Projects at Kutchch and Rajkot respectively having an aggregate existing Power generation capacity of 2.10 MW, which we use for captive power consumption. We are one of the fastest growing manufacturers of high quality Stainless Steel Billets, RCS, Wire Rods, Hexagon, Square, Black & Bright Bars in various grades and sizes.

Our Company's Manufacturing Plant is located at 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals Dist., Gujarat-389330. Our Plant is located on the Vadodara-Indore National Highway and is 55 kms from Vadodara Steel Market and 60 kms from ICD Dashrath Port.

Our Company sells its goods through its Marketing offices located at Vadodara and Mumbai. In addition to that we have various dealers all across India selling our goods. Our customer profile includes Suraj Stainless Ltd., Rajtratna Metals and other such renowned Stainless Steel Players.

The Company's Revenues have grown from 3157.29 lacs in fiscal 2005 to Rs. 11281.21 lacs in fiscal 2009, at a CAGR of 37.49%. Our earnings before interest, tax, depreciation and amortization has increased from Rs. 46.21 lacs in 2005 to Rs. 657.69 lacs in 2009, at a CAGR of 94.23%. Our profit after tax has increased from Rs. 9.42 lacs in fiscal 2005 to Rs. 137.62 lacs in fiscal 2009, at a CAGR of 95.50%. This improvement in performance is due to the plant expansion carried out in 2008. This improvement in performance is due to the plant expansion carried out in 2008-09

For further details please refer the Chapter "our Business" on page 98 of this Draft Red Herring Prospectus.

B. KEY FACTORS AFFECTING THE OPERATIONS OF THE COMPANY

There are several factors which may affect the Company's operations. Some of the most important factors are given below:

- ***General Economic & Business Condition:***
  We are likely to be affected by general economic conditions prevailing in the country where we operate and also the countries where we export. Growth rates of the economy and income levels of consumers are one of the determinants of demand in the Steel industry. We are a predominantly domestic based sales company and hence are affected by the economic cycles of

India. Secondly, UAE & South Africa continue to be a major export market for our Company. A slowdown in these economies translates to lower infrastructure and consumer spending and a consequent risk of lower Stainless Steel exports to those markets. Our Company is looking to mitigate this risk by spreading the geographical reach for all the product offerings thereby broadening the export client base.

- ***Fluctuations in interest rates and availability of credit:***
  Our Company has undertaken capacity expansions to tap the growth opportunities. A major portion of these expansions has been funded by Bank Finances and Promoter Contributions. Availability of sufficient working capital credit is critical for carrying on our operations smoothly. Also, fluctuations in the interest rates may have an impact on cost of our borrowings.

- ***Demand for Stainless Steel:***
  The demand for Stainless Steel in a large way is dependent on Infrastructure and Home Appliances industry. Infrastructure in our country is affected by government spending and Public Private Partnership Projects. A reversal in government support for this sector could in turn lead to a decreased demand for our goods. Also, the Home Appliances are mainly manufactured from Stainless Steel and are affected by the general consumer spending trends, which are extremely susceptible to the general economic and liquidity situation in the country.

- ***Competition***:
  The Indian Steel Industries and in particular Stainless Steel segment in which we operate is highly competitive. We face competition from low cost producers in various small companies specializing in limited segments of the market. A number of our competitors are larger than us and have greater financial resources. We also may face competition from new companies that are emerging, who would then attempt to obtain a share of our existing markets. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have a material adverse effect on our business, results of operations and financial condition.

  Quality and customer relations are the keys to maintaining our competitive position. We believe that our track record of timely delivery, good product quality has allowed us to establish long and stable relationships with several of our large customers, and we have achieved revenue growth from increased sales to our customers. We seek to leverage our long term relationships with our existing customers to gain new customers. We also aim to be identified as a strategic vendor for our existing and future customers and accordingly, may have to incur additional costs. We also enter into competitive pricing structures with our new customers in the initial stages of our relationship to establish the rapport and may continue to do so in the future.

- ***Optimum utilization of installed capacities:***
  Our revenues and net profit have increased with our capacity expansions over the last three years, and we may further expand our capacity to meet increased demand and our growth objectives. Our business is capital-intensive and investments in capacities, new technologies and processes are among the key factors that would contribute to our future growth and profitability. After the completion of our expansion plans, we expect to benefit from increased economies of scale and improved efficiency, which will have a positive impact on our gross margins.

  Further, Our Company has undertaken expansion of its production capacities based on its estimates of market demand and profitability. In the event of non-materialization of our estimates and expected orders due to factors including adverse economic scenario, change in demand, change in fashion, etc., our capacities may not be fully utilized thereby adversely impacting our financial performance.

C. DISCUSSION ON OPERATING RESULTS

Restated Profit and Loss Summary

Particulars	As On 31.03. 2005	As On 31.03. 2006	Increase / (Decrease) (%)	As On 31.03.2007	Increase / (Decrease) (%)	As On 31.03.2008	Increase / (Decrease) (%)	As On 31.03.2009	Increase / (Decrease) (%)	As On 31.12.2009
<u>Income</u>										
Sales										
Of Products manufactured by the Issuer	2977.27	3604.07	21.05	6862.83	90.42	7861.11	14.55	10761.48	36.90	17753.00
Of Products traded in by the Issuer	105.00	0.00	(100.00)	0.00		0.00		0.00		0.00
Net Sales	3082.27	3604.07	16.93	6862.83	90.42	7861.11	14.55	10761.48	36.90	17753.00
Other Income	3.5	3.7	7.0	6.8	83.6	19.7	187.8	214.5	988.9	85.10
Increase /(Decrease) in Inventories	71.5	273.7	282.7	73.4	(73.2)	313.7	327.2	305.2	(2.7)	732.54
Total	**3157.3**	**3881.5**	**22.9**	**6943.1**	**78.9**	**8194.5**	**18.0**	**11281.2**	**37.7**	**18570.64**
<u>Expenditure</u>										
Cost of Production	3010.4	3579.3	18.9	6547.8	82.9	7681.6	17.3	10310.9	34.2	17056.13
Staff Costs	25.0	31.6	26.4	33.0	4.6	51.6	56.3	92.6	79.3	164.78
Administration expenses	39.4	66.6	68.9	74.1	11.2	89.0	20.2	132.8	49.1	147.05
Selling & Distribution expenses	36.3	78.1	115.2	79.5	1.8	69.7	(12.4)	87.3	25.4	121.24
Deffered Revenue Expenses written off	0.0	0.0		0.0		0.0		0.0		0.0
Total	**3111.1**	**3755.6**	**20.7**	**6734.4**	**79.3**	**7891.9**	**17.2**	**10623.5**	**34.6**	**17489.20**
Profit/(loss) before Interest depreciation and taxes	**46.2**	**125.9**	**172.4**	**208.7**	**65.8**	**302.6**	**45.0**	**657.7**	**117.4**	**1081.44**
Interest and finance charges	1.2	16.2	1239.3	25.3	56.0	67.2	165.6	216.0	221.7	294.89
Depreciation	10.7	24.1	125.0	26.9	11.3	46.6	73.3	241.6	418.8	140.73
Profit before taxes	**34.3**	**85.5**	**149.5**	**156.5**	**83.1**	**188.8**	**20.6**	**200.1**	**6.0**	**645.82**
Restated Provision for taxes										
- Current Income Tax	20.9	13.9	(33.3)	17.4	25.0	21.4	23.0	48.0	124.3	50.00
- Deferred Income Tax	4.0	0.4	(90.7)	47.4	12699.9	54.0	14.0	12.7	(76.4)	19.77
- Fringe Benefit Tax	0.0	1.0		1.3	25.0	2.2	74.7	1.7	(21.5)	0.0
	24.8	**15.3**	**(38.4)**	**66.0**	**331.5**	**77.6**	**17.5**	**62.5**	**(19.5)**	**69.8**
Restated Profit/(loss) after tax	**9.4**	**70.2**	**645.2**	**90.5**	**28.9**	**111.2**	**22.9**	**137.6**	**23.7**	**576.05**

Review for the nine months period ended December 31, 2009.

Income:
Our Sales for the nine months period ended December 31, 2009 was Rs 17,753 lacs. Other Income for the said period recorded mainly from Job Work and Interest received on delayed payments from debtors aggregated to Rs. 85.10 lacs. The expansion of plant capacity carried out in 2008 coupled with an increase in capacity utilization lead to this increase in sales.

Cost of Production:
The Production Costs for the nine months period ended December 31, 2009 were Rs.17,056.13 lacs. This mainly included the Materials Consumed aggregating to Rs. 13,736.24 lacs which was 77.37% of the sales for the corresponding period. Our Manufacturing expenses for the nine months period ended December 31, 2009 was Rs. 3319.89 Lacs. Manufacturing expenses, as a percentage of Sales was 18.70%.

Staff Cost:
Staff Costs for the nine months period ended December 31, 2009 was Rs 164.78 lacs. As a proportion of sales, it was 0.93%.

Administrative, selling & distribution expenses:
Administrative, selling & distribution expenses for the nine months period ended December 31, 2009 was Rs 268.29 lacs. As a proportion of sales, it was 1.51%.

Interest & Financial Charges:
Interest & Financial Charges for the nine months period ended December 31, 2009 was Rs 294.89 lacs. As a proportion of sales, our interest and financial charges was 1.66%. During the corresponding period we have availed to new Working Capital Limits from IDBI Bank.

Depreciation:
Depreciation for the nine months period ended December 31, 2009 was Rs 140.73 lacs. As a proportion of sales, it was 0.79%.

EBIDTA:
Our EBITDA for the nine months period ended December 31, 2009 was Rs. 1081.44 lacs. Our EBIDTA margin for the corresponding period was 6.09%.

Profit after Tax:
For the nine months period ended December 31, 2009, our profit after tax was 576.05 lacs. Our PAT margin for the corresponding period was 3.24%.

Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2009 vis-à-vis March 31, 2008

Major events during the year

- Term Loan and Working Capital Limits sanctioned from Punjab National Bank in August, 2008.
- Expansion of Melting Unit Capacity from 4000 to 40,000 MT (Installation of new Furnace and AOD Unit) in October, 2008

Sales
The sales of our company increased from Rs. 7861.11 lacs in FY08 to Rs. 10761.48 lacs in FY09 registering a growth rate of 36.90%. This increase is primarily on account of increase in Plant capacity and production thereof.

Other Income
The other income of the company consist of Job work income, miscellaneous receipts, rebates and discounts, bad debts recovered and interest income. Other income increased from Rs.19.7 lacs in FY08 to Rs. 214.5 lacs in FY09, which can be attributed to the increase in Job Work Income.

Manufacturing expenses
The cost of production increased from Rs.7681.6 lacs in FY08 to Rs.10310.9 lacs in FY09. It has reduced as a proportion of sales from 97.7 % in FY08 to 95.8 % in FY09. This was on account of reduced material wastage from the improved plant technology (AOD Unit).

Staff Costs
Staff Costs increased from Rs. 51.6 lacs in FY08 to Rs. 92.6 lacs in FY09. As a proportion of sales, it has increased from 0.66 % in FY08 to 0.86% in FY09. This was on account of fresh recruitment and pay revision for existing employees.

Administrative, selling and distribution expenses
Administrative, selling and distribution expenses have increased from Rs.158.7 lacs in FY08 to Rs.220.1 lacs in FY09. As a proportion of sales, it has increased from 2.01 % in FY08 to 2.04 % in FY09.

Interest and Finance charges
Interest and Finance charges have increased from Rs.67.2 lacs in FY08 to Rs.216 lacs in FY09. This is on account of new Credit Facilities availed from Punjab National Bank in August, 2008.

Depreciation
Depreciation has increased from Rs.46.6 lacs in FY08 to Rs.241.6 lacs in FY09. This is on account of the increase in asset base from Rs. 672.11 lacs in FY08 to Rs. 2397.24 lacs in FY09.

EBIDTA
Our EBITA has increased from Rs. 302.57 lacs in FY 2008 to Rs. 657.69 lacs FY 2009, registering a growth of 217%. Our EBIDTA margins also increased from 3.85% in FY 2008 to 6.11% in FY 2009. This is on account of increased productivity form the improved technology.

Profit after tax
Profit after tax has increased from Rs.111.2 lacs in FY08 to Rs 137.6 lacs in FY09, registering a growth of 23.7%. This is mainly on account of the increase in turnover. Though this increase was not in the same proportion as the growth in turnover, which was mainly because of increase in interest and depreciation costs.

Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2008 vis-à-vis March 31, 2007

Major events during the year

- Awarded the ISO 9001:2000 Certification from NABCB for our Quality Management Systems.
- Increase in Bright Bar Unit capacity from 1000 MT to 3600 MT in January 2008.

Sales

The sales of the company increased from Rs.6862.83 lacs in FY07 to Rs. 7861.11 lacs in FY08 registering a growth rate of 14.55 %. This was mainly on account of the increased revenue from Bright Bar exports.

Other Income

The other income of the company consist of Job work income, miscellaneous receipts, rebates and discounts, bad debts recovered and interest income. Other income increased from Rs.6.80 lacs in FY07 to Rs.19.70 lacs in FY08.

Manufacturing expenses

The cost of production increased from Rs.6547.8 lacs in FY07 to Rs.7681.6 lacs in FY08. It has increased as a proportion of sales from 95.40 % in FY 2007 to 97.70% in FY 2008.

Staff Costs

Staff Costs increased from Rs. 33.00 lacs in FY07 to Rs. 51.6 lacs in FY08. As a proportion of sales, it has increased from 0.49 % in FY 2007 to 0.66% in FY 2008. This was mainly on account of fresh hiring.

Administrative, selling and distribution expenses

Administrative, selling and distribution expenses increased from Rs.153.6 lacs in FY07 to Rs. 158.7 lacs in FY08. As a proportion of sales, it has reduced from 2.23% in FY07 to 2.01 % in FY08.

Interest and Finance charges

Interest and Finance charges increased from Rs.25.3 lacs in FY07 to Rs. 67.2 lacs in FY08. This was on account of the new Working Capital Limits availed from Punjab National Bank.

Depreciation

Depreciation increased from Rs. 26.9 lacs in FY07 to Rs 46.6 lacs in FY08. This is on account of the increase in asset base from the installation of Wing Energy Project and Bright Bar Unit.

EBIDTA

Our EBIDTA increased from Rs. 208.69 lacs in FY 2007 to Rs.302.57 lacs in FY 2008, registering a growth of 144.98%. Our EBIDTA margins also increased from 3.04% in FY 2007 to 3.85% in FY 2008. This was mainly on account of stricter administration and selling cost control measures.

Profit after tax

Our profit after tax increased from Rs. 90.5 lacs in FY07 to Rs 111.2 lacs in FY08, registering a growth of 22.9%.

<u>Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2007 vis-à-vis March 31, 2006</u>

Major events during the year

- First Exports were made by the Company, to Dubai
- Setting up of Wind Energy Project in Kutchch for the purpose of captive power consumption with a capacity of 0.60 MW

Sales
The sales of the company increased from Rs.3604.07 lacs in FY06 to Rs. 6862.83 lacs in FY07 registering a growth rate of 90.42 %. This increase was primarily on account of revenue from exports and also from increased domestic demand and prices of Stainless Steel.

Other Income
The other income of the company consist of Job work income, miscellaneous receipts, rebates and discounts, bad debts recovered and interest income. Other income increased from Rs.3.7 lacs in FY06 to Rs.6.8 lacs in FY07

Manufacturing expenses
The cost of production increased from Rs.3579.3 lacs in FY06 to Rs.6547.8 lacs in FY07. It reduced as a proportion of sales from 99.3% in FY06 to 95.4% in FY07.

Staff Costs
Staff Costs increased from Rs. 31.6 lacs in FY06 to Rs. 33 lacs in FY07. As a proportion of sales, it has reduced from 0.88 % in FY06 to 0.49 % in FY07.

Administrative, selling and distribution expenses
Administrative, selling and distribution expenses increased from Rs.144.7 lacs in FY06 to Rs. 153.6 lacs in FY07. As a proportion of sales, it reduced from 4.01 % in FY06 to 2.23 % in FY07.

Interest and Finance charges
Interest and Finance charges increased from Rs.16.2 lacs in FY06 to Rs. 25.3 lacs in FY07. This is on account of new term loan sanctioned for the Wind Energy Project at Tal: Vanku, Dist: Kutchch, Gujarat.

Depreciation
Depreciation increased from Rs. 24.1 lacs in FY06 to Rs 26.9 lacs in FY07.

EBIDTA
Our EBIDTA increased from Rs.125.86 lacs in FY06 to Rs.208.69 lacs in FY07, registering a growth of 165.84%. Our EBIDTA Margins reduced from 3.49% in FY 2006 to 3.04% in FY 2007. This was mainly due to the high costs of raw materials during the corresponding period.

Profit after tax
Our profit after tax increased from Rs. 70.2 lacs in FY06 to Rs 90.5 lacs in FY07, registering a growth of 28.9% which is primarily due to the increase in turnover and tax savings from increased depreciation.

Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2006 vis-à-vis March 31, 2005

Major Events During the year

- Set up Bright Bar Unit with initial capacity of 1000 MT p.a. at the existing Plant Location.
- Removed from list of Non-BIFR Sick unit as the Company was now viable as per norms as set out vide Government of Gujarat, Industries and Mines Department Resolution No. SIU-1098-668-CH under the Scheme for Rehabilitation of Small Scale and Non-BIFR Sick Viable Industries.

Sales
Our sales increased from Rs. 3082.27 lacs in FY 2005 to Rs. 3604.07 lacs in FY 2006 registering a growth of 16.93%. This was mainly due to the increased demand for Stainless Steel in the corresponding period.

Other Income
Other income comprises of Job Work Income, Miscellaneous Receipts, Rebate & Discounts, Bad Debts Recovered and Interest Income. These other income also showed a slight increase from 3.49 lacs in FY 2005 TO Rs. 3.73 lacs in FY 2006.

Production Costs
The cost of production increased from Rs. 3010.40 lacs in FY 2005 to Rs.3579.3 lacs in FY 2006 on account of increase in material consumed and other such factory related costs.

Administrative & Selling Expenses
Our administrative expenses increased by 68.9% to Rs. 66.6 lacs in FY 2006 from Rs. 39.4 lacs in FY 2005. Our Selling & Distribution Expenses increased by 115.2% to Rs. 78.1 lacs in FY 2006 from Rs. 36.3 lacs in FY 2005.

Interest & Finance Charges
Our interest and finance charges increased to Rs 16.2 lacs in the fiscal year 2005 from Rs. 1.2 lacs in the fiscal year 2006. This increase is mainly due to additional working capital limits availed from Dena Bank during the corresponding year.

Depreciation
Depreciation was Rs.24.1 lacs in the fiscal year 2006 as against Rs.10.7 lacs in fiscal year 2005.

Profit after Tax
Our profit after tax increased to Rs. 70.2 lacs in fiscal year 2006 from Rs. 9.4 lacs in fiscal year 2005. Profit after tax during the year 2006 was 1.95% of sales as compared to 0.30% during the year 2005.

D. DISCUSION ON CAPCITY UTILIZATION

Name of Division		Unit	2006-07	2007-08	2008-09	Nine months period ended December 31, 2009
Billet Manufacturing Scrap Melting Unit	**Existing**					
	Installed	MT	4000	4000	4000	40000
	Utilised	MT	3000	3200	4000	13833
	% Utilised		75%	80%	100%	35%
	New					
	Installed	MT	-	-	36000	-
	Utilised	MT	-	-	7461	-
	% Utilised		-	-	21%	-
	Overall					
	Installed	MT	4000	4000	40000	40000
	Utilised	MT	3000	3200	11461	13833
	% Utilised		75%	80%	28.65%	35%
Bright Bar	**Existing**					
	Installed	MT	1000	1000	3600	3600

Unit	Utilised	MT	750	1000	3200	3450
	% Utilised		75%	100%	89%	96%
	New					
	Installed	MT	-	2600	-	-
	Utilised	MT	-	1500	-	-
	% of		-	58%	-	-
	Overall					
	Installed	MT	1000	3600	3600	3600
	Utilised	MT	750	2500	3200	3450
	% Utilised		75%	69%	89%	96%

We carried out a plant expansion and modernization in 2008-09 for our Melting unit by installing a new 20 ton furnace, AOD Unit and other testing equipments. Hence the utilization figures for that year are low.

We carried out an expansion of the Bright Bar Unit in 2007-08 in line with the increasing demand for this product and the capacity utilization for the same has been nearly 100% since then, and we are hence planning to further increase this unit's capacity to 12000 MT p.a. The same shall be funded from the IPO proceeds.

E. LIQUIDITY AND CAPITAL RESOURCES

Particulars	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Nine month Period ended December 31, 2009
Cash Flows From:						
Operating Activities	(153.75)	(334.78)	(243.66)	(645.31)	(738.04)	(690.19)
Investing Activities	(41.00)	(110.10)	(389.83)	(712.75)	(1015.28)	(188.25)
Financing Activities	167.59	445.58	636.42	1371.13	1745.06	872.23
Net Increase / (Decrease) in cash	(27.16)	0.70	2.93	13.07	(8.26)	(6.21)
Cash at the beginning of the year	35.99	8.82	9.52	12.45	25.52	17.25
Cash at the end of the year	8.82	9.52	12.45	25.52	17.25	11.04

Operating Activities

Net cash from operating activities for the Financial Year ended 2006 was negative at Rs 334.78 lacs as compared to the PBT of Rs. 85.51 lacs for the same period. This difference is primarily on account of increase in inventory holding.

Net cash from operating activities for the Financial Year ended 2007 was negative at Rs 243.66 lacs as compared to the PBT of Rs 156.64 lacs for the same period. This difference is primarily on account of increase in inventory holding and receivable levels stemming from the almost two fold increase in turnover.

Net cash from operating activities for the Financial Year ended 2008 was negative at Rs 645.31 lacs as compared to the PBT of Rs 188.84 lacs for the same period. This difference is primarily on account of increase in receivable levels and sundry deposits and advances for the plant expansion and modernization.

Net cash from operating activities for the Financial Year ended 2009 was negative at Rs 738.04 lacs as compared to the PBT of Rs 200.09 lacs for the same period. This difference is primarily on account of increase in inventory and receivable levels stemming from the fast growing turnover.

Net cash from operating activities for the nine month period ended December 31, 2009 was negative Rs. 690.19 lacs as compared to PBT of Rs. 645.82 lacs for the same period. This difference is primarily on account of increase in inventory and receivable levels stemming from the fast growing turnover.

Investing Activities

For the Financial Year ended March 31, 2006, the net cash invested in Investing Activities was Rs. 110.10 lacs. This expenditure was on account of increase in net block owing to setting up of Bright Bar Unit with a 1,000 MT capacity.

For the Financial Year ended March 31, 2007, the net cash invested in Investing Activities was Rs. 389.83 lacs. This expenditure was primarily on account of increase in net block owing to setting up of Wind Energy unit at Kutchch and certain key plant equipments such as Hydraulic cranes etc.

For the Financial Year ended March 31, 2008, the net cash invested in Investing Activities was Rs. 712.75 lacs. This expenditure was mainly towards increase in Capital WIP for the Plant expansion and modernization.

For the Financial Year ended March 31, 2009, the net cash invested in Investing Activities was Rs. 1015.28 lacs. This expenditure was towards increase in fixed asset base for Expanded Plant capacity of 40,000 MT. It mainly included expenditure towards a new Factory shed, New Induction Furnace, AOD Unit, and other electrical installations.

For the nine month period ended December 31, 2009, the net cash invested in investing activities was Rs. 188.25 lacs. This expenditure was mainly towards the proposed Rolling Mill, and new Wind energy Unit at Maliya.

Financing Activities

Net cash from financing activities for the Financial Year ended March 31, 2006 was Rs. 445.58 lacs comprising primarily of subscription to our share capital, unsecured loans from Directors and working capital borrowings from Dena Bank.

Net cash from financing activities for the Financial Year ended March 31, 2007 was Rs. 636.42 lacs comprising primarily of Term Loan availed from Punjab National Bank for Wind Energy Unit and unsecured loans from the Relatives of the Directors.

Net cash from financing activities for the Financial Year ended March 31, 2008 was Rs. 1371.13 lacs comprising primarily of subscription to our share capital, term loan and working capital borrowings availed from Punjab National Bank for the Plant expansion.

Net cash from financing activities for the Financial Year ended March 31, 2009 was Rs. 1745.06 lacs comprising primarily of subscription to our share capital, term loan and working capital borrowings availed from Punjab National Bank for the Plant expansion.

Net cash from financing activities for the nine month period ended December 31, 2009 was Rs. 872.23 lacs. This comprises of proceeds from issue of share capital as well as unsecured borrowings from the directors and their relatives.

F. SIGNIFICANT ACCOUNTING POLICIES

1. ***Basis of preparation of financial statements***
   The Financial statements have been prepared and presented under the historical cost convention, on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and in compliance with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act, 1956, as adopted consistently by management. All the income & expenditure having material impact on financial statements are recognized on accrual basis.

2. ***Use of estimates***
   The preparation of financial statements is in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statement and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

3. ***Fixed assets***
   It is corporate policy to state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and other incidental expenses related to the acquisition.

4. ***Depreciation***
   Depreciation on Fixed Assets is provided on triple shift basis by using Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with Notification No. 756E dated 16-12-93 and circulars No. 14/93 dated 20-12-93 issued by the Department of Company Affairs. Depreciation on Assets acquired / disposed off during the year is provided on prorate basis with reference to the date of addition / disposal.

5. ***Revenue recognition***
   i. Sales of goods are recognized on goods dispatched to the customers. Sale is net of return but inclusive of excise duty.

   ii. Income by way of Job work charges are recognized at the time of clearance of processed goods from factory. Job Work charges are net of excise duty.

6. ***Inventories***
   The Inventory is valued as follows:-

   i. Raw Material: - at cost by using FIFO method.

   ii. Finished Goods :- at cost or net realizable value, which ever is lower

   iii. Other Inventories: - at cost by using FIFO method (except C.I. moulds, which are valued at estimated residual value.

   The excise duty on finished goods is accounted for on removal of goods from the factory premises and provision made for goods lying in bonded warehouse. Cenvat credit available on the materials is adjusted against purchases. Cenvat credit on capital goods is accounted on booking the capital goods, net of excise duty. Cenvat Credit not recouped in payment of excise duty is treated as "Receivable" and shown under "Loans and Advances". This has no effect on profit.

7. ***Employee Benefits***

Gratuity is applicable to the Company. The Company follows cash system for accounting of gratuity payments.

8. ***Taxation***

I. *Current taxation*

Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.

II. *Deferred taxation*

1. In accordance with the Accounting Standard 22. Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for by using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet Date.

2. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

3. Net outstanding balance in Deferred Tax account is recognized as deferred tax liability/asset. The deferred tax account is used solely for reversing timing difference as and when crystallized.

9. ***Contingencies/Provisions***

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes, if any. Contingent assets neither are nor recognized in the financial statements.

10. ***Earnings per Share***

The Company reports basic and diluted earning per share in accordance with the Accounting Standard 20 (AS-20) issued by The Institute of Chartered Accountants of India on "Earning per Share". Basic earning per share is computed by dividing the Net Profit/Loss for the period by weighted number of Equity shares outstanding during the period. Diluted EPS is computed by dividing the Net Profit/Loss for the period by weighted number of Equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-diluted.

11. ***Cash Flow Statement***

Cash flows are reported as per the indirect method as specified in AS-3 .Cash Flow Statement.

G. INFORMATION AS PER SCHEDULE VIII PART A SECTION IX (E) (5) OF THE ICDR REGULATIONS

1. Unusual or infrequent events or transactions

Other than as stated in the section titled "*Auditors report*" beginning on page 146 of this Draft Red Herring Prospectus, there have been no unusual or infrequent transactions that have taken place during the last three years.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned under section titled "*Risk Factors*" and "*Factors that may affect Results of Operations*" in "*Management's Discussion and Analysis of Financial Condition & Results of Operations*" and on pages 13 and 170 of this Draft Red Herring Prospectus, we do not believe that there are any other significant economic changes that materially affect or are likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in this DRHP, particularly in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on pages 13, 98 and 170, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or price that will cause a material change are known.

Certain factors shall be mainly responsible for determining the future relationship between costs and revenues such as our continuing focus on quality products, geographies offering higher realizations and margins, benefits of forward integration, optimum utilization of capacities, increasing the export sale of Stainless Steel, increasing share of the bright bar unit that renders the highest margins in our product portfolio.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Changes in revenues during the last three fiscal years are explained in "Management's Discussion and Analysis of Financial Condition & Results of Operations" under the subsections "Comparison of the financial performance of FY 2009 with FY 2008, "Comparison of the financial performance of FY 2008 with FY 2007" and "Comparison of the financial performance of FY 2007 with FY 2006" under the respective paragraphs titled "Net Sales".

6. Total turnover of each major industry segment in which the issuer company operates.

We operate in only one segment – "Stainless Steel". Relevant published data, as available, for the industry turnover has been included in the section entitled "*Industry Overview*" beginning on page 90 of this Prospectus.

7. Status of any publicly announced new products or business segment.

Please refer to the section titled "*Our Business*" beginning on page 98 of this Prospectus.

8. The extent to which the business is seasonal.

We do not experience seasonality in the Stainless Steel Business except for changes in demand caused from economic cycles and trends.

9. Any significant dependence on a single or few suppliers or customers

We source our raw materials from a number of suppliers and are not dependent on any single or few suppliers. But, we may be dependent on continuous business from some of our major customers. For the nine month period ended December 31, 2009, we derive about 65.34% of our sales from our top ten customers.

10. Competitive Conditions

We face competition both from larger and well-established players as well as local low cost manufacturers.

FINANCIAL INDEBTEDNESS

I. Secured Loans

Set forth below is a brief summary of the secured borrowings of our Company as on December 31, 2009.

(Rs. in Lacs)

Name of Bank	Nature of Loan	Sanction Amount	Outstanding as on 31.12.2009	Installment amount/ Repayment schedule	Rate of Interest	Security
Term Loans						
Punjab National Bank (Surat)	Wind Mill (0.60 MW)	200.00	109.42	24 quarterly installments commencing from June'2007	BPLR+ 0.50% term premia i.e.12.75 % pa.	Hypothecation of WTG. By way of Mortgage: (1) Office No. FF-16B, First Floor, Shanti Chambers, Pratap Nagar Road, Near Gita Mandir, Vadodara. Mr Shankarbhai D. Mehta is a Owner of this property. (2) Shop No.22, Ground Floor, Meghdoot Apartment, Near Apsara Talkies, Pratap Nagar Road, Near Gita Mandir, Vadodara. Mr. Rameshbhai D. Mehta is a Owner of this property. (3) Shop No.23, Ground Floor, Meghdoot Apartment, Near Apsara Talkies, Pratap Nagar Road, Near Gita Mandir, Vadodara. Mr. Motilal H. Bothara is a Owner of this property. Pledge of FDR of Rs.15.00 Lacs. Personal Guarantors as under : 1) Mr. Babulal Mehta 2) Mr. Shankarlal Mehta 3) Mr. Ramesh Mehta 4) Mr. Motilal Bothara
H.D.F.C Bank Limited	Vehicle Loan (Bolero)	4.85	2.57	36 monthly installments commencing from October'2008	11.60%	Hypothecation of the Vehicles

H.D.F.C Bank Limited	Vehicle Loan (Indica)	3.25	1.14	36 monthly installments commencing from March'2008	10.00%	Hypothecation of the Vehicles
Punjab National Bank (Surat)TL 1	Term Loan (New Project)	825.00	626.34	20 quarterly installments commencing from December'2008	BPLR - 0.50%+ 0.50% term premia (ie. 13%)	(1) Hypothecation of plant & machinery and registered mortgage of existing factory land situated at 212/1, 212/2 & 213/1 & 213/2 of Madhwas, Halol Kalol Road, District Panchmahals (2) Factory Land & Building Survey No. 185, village, Madhwas, Taluk:Kalol, Dist: Panchmahals - adjacent to the existing factory land and Building. Personal Guarantees as Under - Mr. Shankarlal Deepchand Mehta - Mr. Babulal Deepchand Mehta. - Mr. Jayesh Pithwa
Punjab National Bank (Surat)TL 2	Term Loan (expansion of new Project)	350.00	307.86	20 quarterly installments commencing from September'2009	BPLR+ 0.50% term premia i.e.14.5 %pa.	(1)Hypothecation of plant & machinery and registered mortgage of existing factory land situated at 212/1, 212/2 & 213/1 & 213/2 of Madhwas, Halol Kalol Road, District Panchmahal (2) Factory Land & Building Survey No. 185, village, Madhwas, Taluk:Kalol, Dist: Panchmahal - adjacent to the existing factory land and Building. (3)Pledge of Duly discharged FDR standing in the name of company for Rs. 43.50 Lacs.
Working Capital Facilities						
Punjab National Bank (Surat)*	Cash Credit	1750.00*	1737.98	Cash Credit on Demand	BPLR i.e.14% pa.	Hypothecation of raw materials, stock in process, finished goods, Receivables and all other

						current assets of the company
IDBI Bank	Cash Credit	1500.00	539.27	On demand/Due date Repayment out of internal accruals	BPLR i.e.12.75 % pa.	Primary Security 1st paripasu charge on the current assets of the Company. Collateral Security 2nd paripasu charge on the entire fixed assets of the company including factory,land and building, movable and immovable properties and Wind Mills. Any other security in line with consortium. Third party guarantees - Mr. Shankarlal Deepchand Mehta - Mr. Babulal Deepchand Mehta.
Total			**3324.57**			

Note: The Company has not defaulted on loans and no penalty has been levied.

*** The said limits have been renewed and enhanced vide Sanction letter received from Punjab National Bank on February 20, 2010.**

Terms and Conditions of the renewed and enhanced of working capital limit sanction by Punjab National Bank are as under:

Name of Bank	Nature of Loan	Sanction Amount (Rs. in Lacs)	Installment amount/ Repayment schedule	Rate of Interest	Security
Punjab National Bank	Cash Credit/ ILC / FLC	4500.00	Cash Credit on Demand	BPLR + 1% (i.e.12% pa.)	**Primary** Hypothecation of raw materials, stock in process, finished goods, receivables and all other current assets of the company **Collateral** (1)Hypothecation of plant & machinery and registered mortgage of existing factory land situated at 212/1, 212/2 & 213/1 & 213/2 of Madhwas, Halol Kalol Road, District Panchmahal. (2) Factory Land & Building Survey No. 185, village,

					Madhwas, Taluk:Kalol, Dist: Panchmahal - adjacent to the existing factory land and Building. (3)Pledge of Duly discharged FDR standing in the name of company for Rs. 43.50 Lacs. **Personal Guarantees as Under** Mr. Shankarlal Deepchand Mehta Mr. Babulal Deepchand Mehta. Mr. Jayesh Pithwa

Restrictive Covenants

Our company has entered into loan agreements with the various banks and financial institutions as aforesaid, in relation to the loans availed by it, which agreements contain restrictive covenants. Some of the restrictive covenants imposed upon our Company are listed here in below. Our Company will not be in a position to undertake any of the following transactions without the consent of the concerned bank or financial institution.

Under the loan agreement the Company has to submit

- Within one week of their publication – the copies of quarterly provisional, annual report and audited accounts.
- To provide promptly information about all material and adverse changes in the ownership and management of the company.

During the currency of the Bank's credit facilities, the borrowers shall not, without the prior approval of the bank in writing

- No investment shall be made in associate / allied / group concerns without prior Bank permission.
- Bank shall have the right to withdraw or modify all / any of the sanctioned conditions or stipulate fresh condition, under the intimation to the borrower.
- Effect any change in their capital structure;
- Formulate any scheme of amalgamation of reconstruction;
- Undertake any new project or expansion or modernization schemes or make any capital expenditure other than those estimated / projected in the CMA data, without obtaining the Bank's prior consent;
- Enter into borrowing arrangements either on secured or unsecured basis with any other Bank, Financial Institutions,
- Undertake guarantee obligations on behalf of any other borrower / organization;
- Declare dividends for any year, if the account(s) of the borrower with the Bank is / are running irregular or if any of the terms and conditions of the sanction remain un-compiled with by the borrower.

- Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, borrower, firm or persons.
- Sell, assign, mortgage, alienate or otherwise dispose off any of the assets of the borrower charged to the bank;
- Enter into any contractual obligation of a long term nature affecting the borrower financially to a significant extent;
- Permit any transfer of the controlling interest or make any drastic change in the management set up;
- Divert / utilize bank's funds to other sister / associates / group concerns or for purposes other than those for which the credit facilities have been sanctioned.
- Bankers can charge extra rate of interest and also charge penal interest in the case of default in payments, due to non compliance of terms and conditions and for breach of specific covenant etc.

II. Unsecured Loan

As on December 31, 2009 the Company has unsecured loans aggregating to Rs. 834.40 lacs particulars whereof are as under:

Particulars	Amount (Rs in Lacs)	Terms and Conditions
Directors (Interest Free)	2.50	Repayable on Demand
Share Holders (Interest Free)	4.60	Repayable on Demand
Sales Tax Deferrement Loan (Interest Free)	23.55	Repayable on Demand
Others (Relatives of Directors) (Interest Free)	803.75	Repayable on Demand
	834.40	

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SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our subsidiaries, our Directors, our Promoter and our Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company and its Subsidiary, 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 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and its subsidiary and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiary, its Promoters, Group Companies and Directors.

I. Cases involving the Company

Civil Cases before Income Tax Department

1. ITAT Appeal No. 405/Ahd/09, A.Y. 2005-06

The Company had received a Notice of demand dated December 31, 2007 for Assessment Year 2005-06 under section 156 of the Income Tax Act, 1961 for Rs. 60.84 lacs arising out of certain adjustments made by the Joint Commissioner of Income Tax (JCIT) of Panchmahals Range, Godhra. The Company then challenged the assessment order before the Commissioner of Income Tax (Appeals), who partly allowed the claim on August 14, 2008. The Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) disputing the tax demand of Rs. 60.84 lacs. The demand is arising on account of (i) Disallowance of expenses u/s 40(a) (ia) of the Income Tax Act for delayed / non payment of TDS; (ii) Disallowance of expenditure and sales u/s 40A (2) (b) of the Income Tax Act for under pricing of sales and over pricing of purchases with related entities; (iii) Addition u/s 68 in respect of unexplained cash credits. While the company has filed a petition for stay of recovery of Tax before the ITAT, Ahemadabad Bench, Gujarat the Company has already deposited Rs. 40 lacs during the interim of this case. The appeal is currently pending.

Civil Case before Central Excise Department

2. CESTAT Appeal No. E/466 – 469 before Hon'ble Custom Excise & Service Tax Appellate Tribunal, Ahmedabad.

The Company had received a Notice of demand for year 1999-2000 under provision of The central Excise Act 1944 for Rs. 36.00 lacs arising out of certain adjustments made by the Commissioner of Central Excise. The Company has filed an appeal before the Custom Escise & Serivce Tax Appellate Tribunal (CESTAT) disputing the duty demand of Rs. 36.00 lacs. While the company has filed a petition for stay of recovery of Duty amount before the ESTAT, Ahemadabad Bench, Gujarat. The Company has already deposited Rs. 29.00 lacs during the interim of this case. The appeal is currently pending.

Civil Cases initiated by the Company

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3. Special Summary Suit No. 02/2009 against M/s. Parekh Bright Bar Pvt. Ltd. before the Court of Senior Civil Judge, Godhra under Order-37, Rule 1 & 2 of Civil Procedure Code 1908.

The Company has filed a complaint under Order-37, Rule 1 & 2 of Civil Procedure Code 1908 against M/s. Parekh Bright Bar Pvt. Ltd. for recovery of sales amount. After duly receiving purchase orders from M/s. Parekh Bright Bar Pvt. Ltd. our Company started delivering S.S raw material to them. Various purchases were made during financial years 2005-06, 2006-07 and 2007-08, some of which remain unpaid till date. Further, in 2007-08 M/s. Parekh Bright Bar Pvt. Ltd. issued two cheques of Rs. 2,000,000/- and Rs.1,000,000/- in favour of our company but both the cheques were returned back as unpaid. Claim amount with interest outstanding as on date amount to Rs. 1,28,13,364/- As per Gujarat Court Fees Act 2004 the maximum court fee of Rs. 75,000 has been paid. The matter is pending for its final disposal.

Criminal case initiated by the company

4. The company has filed a total of three Criminal Complaints No. 20/2008, 21/2008 and 22/2008 against M/s. Hotmetal Forge (India) Pvt. Ltd. at the Court of Judicial Magistrate First Class, Kalol U/s 138 of The Negotiable Instrument Act, 1881 .

The Company has filed a criminal complaint U/s 138 of Negotiable Instruments Act, 1881 against M/s. Hotmetal Forge (India) Pvt. Ltd. and its M.D. Mr. Manjitsingh Shethi for the criminal breach. After duly receiving purchase orders from M/s. Hotmetal Forge (India) Pvt. Ltd. our Company started delivering S.S. raw material to them. Various purchases were made during the financial year 2006-07 and for the payment of such, they issued a 3 (three) Cheques each of Rs. 1,000,000/- to our company, but on presentation of such cheques to our company's Banker for the realization of payment the said all cheques were return unpaid and hence the said complaints were made for the criminal breach of trust. The matter is pending in court.

Civil cases Against our Company

5. Civil Miscellaneous Appeal No. 52/2009 by Indian Oil Corporation Limited (IOCL) before the Court of District Judge, Panchmahals U/s 9(3) of Petroleum and Mineral Pipe Line (Acquisition of rights of user in land) Act, 1962

The Company had received a Court notice from the Court of District Judge, Panchmahals for the Civil Miscellaneous Appeal No. 52/2009 U/s 9(3) of Petroleum and Mineral Pipe line (Acquisition of rights of user in land) Act, 1962. IOCL had acquired the right to use the land area of 862 Sq.Mtr. from Company's premises bearing block No. 212/2 & 212/2 for the purpose of installing underground oil pipeline and the same had been installed by IOCL. That in the year 2008 our Company had constructed a room for the electric transformers around on such land which had been acquired for use by IOCL. So the present appeal had been filed to remove such structure created by the Company. The matter is still pending in court.

6. Civil Case No. 87/2010 by Salavas Metal Pvt. Ltd. before the Court of District Judge, Jodhpur, Rajasthan District, for the recovery of Rs. 2,75,038/-.

The Company had received a Court notice from the Court of District Judge Jodhpur, Rajasthan District for the civil suite filed by the M/s. Salavas Metal Pvt. Ltd. against our Company for the recovery of Rs. 2,75,038/-. As per the demand M/S Salavas Metal Pvt.

Ltd used to place the purchase order of S.S. Rolled etc. from our Company and our company was also doing some purchase of S.S. Raw material from the M/s. Salavas Metal Pvt. Ltd. Thus the business was running between us and the Salavas Metal Pvt. Ltd. Upon such business transaction M/s. Salavas Metal Pvt. Ltd. has claimed that our Company had unpaid the due amount Of Rs. 2,44,611/- to them and filed a suit to recover the amount of Rs. 2,75,038/- with interest. The matter is still pending in court.

7. Civil Case No. 34/47/2010 by M/s. Sinarji Steel Ltd. before the Court of District Judge, Alwar, Rajasthan District, for the recovery of Rs. 4,91,619/-

The company had received a Court notice from the Court of District Judge Alwar, Rajasthan District for the Civil suit file by the M/S Sinarji Steel Ltd. against our Company for the recovery of Rs. 4,91,619/- and to receive the 'F' and 'C' Form. As per the demand M/s. Sinarji Steel Ltd was doing business of purchase and sell of Different kinds of S.S. materials with our company. Upon such business transaction M/s. Sinarji Steel Ltd. has claimed that our Company had not paid the due amount of Rs.4,91,619/- to them and has also demanded the 'F' and 'C' form from us for such business transactions. The matter is still pending in court.

Criminal cases Against Company

8. Criminal Case No. 1127/07 by State Government of Gujarat, Assistant Apprenticeship Adviser officer before the First Class Judicial Magistrate at Kalol, District Panchmahals.

The Company had received a Court notice from the First Class Judicial Magistrate at Kalol, District Panchmahals for the Criminal Case file by the State Government of Gujarat, Assistant Apprenticeship Adviser officer for the infringement of Clause of Sec. 30(1)(c) & 32 of the The Apprentices Act, 1961. The matter is still pending in court.

9. Criminal Case No. 35/2010 by State Government of Gujarat, Labour Officer and Gratuity payment officer before the First Class Judicial Magistrate at Kalol, District Panchmahals.

The Company had received a Court notice from the First Class Judicial Magistrate at Kalol, District Panchmahals for the Criminal Case filed by the State Government of Gujarat, Labour officer and Gratuity payment officer for the infringement of Clause of Sec. 2, & 9 of the Payment of Gratuity Act 1972 And Rule 3(3) of the payment of Gratuity (Gujarat) Rules 1973. The matter is still pending in court.

10. Criminal Case No. 103/2010 by State Government of Gujarat, Labour Officer and Officer appointed under The payment of Bonus Act 1965, before the First Class Judicial Magistrate at Kalol, District Panchmahals.

The Company had received a Court notice from the First Class Judicial Magistrate at Kalol, District Panchmahals for the Criminal Case file by the State Government of Gujarat, Labour officer and Officer appointed under the provision of The Payment of Bonus Act 1965 under the provision of the Sec. 30(1) of The Payment of Bonus Act 1965, for the infringement of Clause of Sec. 22(4) of the The Payment of Bonus Act 1965. The matter is still pending in court.

II. Cases involving the Directors

1. Traffic accident FIR against Mr. S. Ramamurthi

The Wanowrie Police Station Pune, have filed a First Information Report against Mr. S. Ramamurthi under the Sec. 337 of Motor Vehicles Act and Sec. 279 of Indian Penal Code with the Cantonment Court Pune for rash and negligent driving. The matter is pending for its final disposal.

III. Cases involving the Promoters

There are no civil or criminal suits or complaints pending against any of the current Promoters of the Company.

IV. Outstanding dues of SSI units and other creditors

Amount owed to Small Scale Undertakings and other creditors is not determined.

V. Material Developments

Except as stated in "Management's Discussions and Analysis of Financial Condition and Results of Operations" on page 170, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months

GOVERNMENT & OTHER KEY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Incorporation Details

Certificate of Incorporation dated April 2, 1991 issued to Rajputana Steel Castings Private Limited by the Registrar of Companies, Gujarat. The Corporate Identification Number issued there in was U27109GJ1991PTC015331.

Fresh Certificate of Incorporation Consequent on Change of Name from Rajputana Steel Castings Private Limited to Rajputana Steel Castings Limited dated June 18, 2007 issued by the Registrar of Companies, Gujarat. The Corporate Identification Number issued there in was U27109GJ1991PLC015331.

Fresh Certificate of Incorporation Consequent on Change of Name from Rajputana Steel Castings Limited to Rajputana Stainless Limited dated July 12, 2007 issued by the Registrar of Companies, Gujarat.

II. Approvals in relation to the Issue

Corporate Approvals

Our Board of Directors has, pursuant to a resolution dated 26-02-2010, authorised the Issue, subject to the approval of our shareholders under Section 81(1A) of the Companies Act.

Our shareholders have, pursuant to a resolution dated 24-03-2010 under Section 81(1A) of the Companies Act, authorised the Offer.

In-principle approvals from BSE and NSE

We have received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to their letters dated [●] and [●] respectively.

Approvals from Lenders

Pursuant to letters dated 04-06-2010 and 14-06-2010, Punjab National Bank and IDBI Bank have given their consent to our Company to undertake the initial public offering.

Investment Approvals

As per Notification No. FEMA 20 / 2000 - RBI dated May 3, 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs / FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs / FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

III. Approvals in relation to our Business Operations

General / Revenue Approvals

Approval / License	Registration Number / Reference No.	Issuing Authority	Date of Issue	Term / Validity
Permanent Account Number (PAN)	AAACR9333G	Income Tax Department	02-04-1991	Valid until cancelled
Tax Deduction Account Number (TAN)	BRD00908F	The Commissioner of Income Tax	-	Valid until cancelled
Value added Tax (VAT) registration at Gujarat (previously known as Gujarat Sales Tax Number)	24170900371	Sales Tax Department, Gujarat	17-09-2005	Valid until cancelled
Tax Identification Number (TIN) (Central)	24670900371	Central Sales Tax Officer, Gujarat	08-09-1992	Valid until cancelled
Certificate of registration as an "Employer" under the Gujarat State Tax on Profession, Trade, Callings and Employments Act, 1979	R-302001421	Professional Tax Officer	-	Valid until cancelled
Service Tax Registration Code, issued under the Finance Act, 1994	AAACR9333GST001	Department of Central Excise.	-	Valid until cancelled
Certificate of Importer Exporter Code	3499001594	Office of Jt. Director General of Foreign Trade	20-08-1999	Valid until cancelled
Central Excise Number	AAACR9333GXM001	Asst. Commissioner of Central Excise	21-08-2007	Valid until cancelled
Provident Fund Registration Number	Gj/BD/21885	Office of Sub Regional Provident Fund Commissioner, EPF Organization, Baroda	19-02-2002	Valid until cancelled

Other Business / Operations related Approvals

Approval / License	Registration Number / Reference No.	Issuing Authority	Date of Issue	Term / Validity
Factory License	75758	Ministry of Commerce and Industry	19-08-1994	Valid until cancelled
Acknowledgement Issued for Manufacture of	1557/SIA/IMO/2010	Ministry of Commerce &	07-05-2010	-

a) SS Billets, Bars, Rods b) MS Billets, Bars, Rods c) AS Billets, Bars, Rods		Industry, Secretariat for Industrial Assistance, Public Relations and Complaints Section		
NOC for Manufacturing SS, MS, & AS Ingots under the Water Act, 1974, Air Act, 1981, and Environment Protection Act, 1986	GPCB/CE-PN-757/22648	Gujarat Pollution Control Board	11-08-2008	Five years from date of Issue.
Power Connection at Halol Plant having 4000 KVA connected and Contracted Demand	41381	Madhya Gujarat Vij Company Ltd.	Since company's inception year 1991	Valid until cancelled
License to store Compressed Gas in pressure vessel or vessels	S/HO/GJ/03/1104	Chief Controller of Explosives	01-08-2008	31-03-2011
License to store Compressed Gas in pressure vessel or vessels	S34822	Petroleum and Safety Organisation, Nagpur	01-08-2008	31-03-2011
Registration of Employees' and Factories Establishments u/s 2/(12) of the ESI Act, 1948	18739-67SF	Employees' State Insurance Corporation	27-12-1993	Valid until cancelled
Registration Number under the Bombay Electricity Duty Act, 1958 for installed D.G.Sets at Halol Plant having aggregate 1000 KVA load	17-0147-001-04752	Office of Collector of Electricity Duty, Gandhinagar	30-05-2008	Valid until cancelled
Entrepreneurs' Memorandum Number for Power Generation from Nonconventional Sources	24-001-12-00157	District Industries Center, Bhuj, Kutchch.	22-05-2008	Valid until cancelled

Quality and Management System related Certifications

Certificate No. and Certificate For	Compliance Standard	Issuing Authority	Issue Date	Validity
GCS/10307 for Quality Management Systems	IS0 9001:2000	NABCD	14-03-2007	13-03-2010
7603 for Quality Management Systems	ISO 9001:2008	BM TRADA	05-05-2010	04-05-2010

Land and Construction related approvals for New rolling mill plot and for current plant.

Approval / License	Issuing Authority	Issue Date	Term Validity
Non Agricultural Permission land block No. 185 for the use of bonafied	District Collector of Panchmahals	Order No. TNC/63AA/SR12/07,	Valid until cancelled

Industrial Purpose U/s 63AA of the Bombay Tenancy and Agricultural Land Act. 1948 in the State of Gujarat.	District, Godhra, Gujarat.	Dt. 24/04/2008	

IV. Approvals / Certifications Applied for and pending

Following approvals / certifications have been applied for and are pending for approval at various levels as on date of this Draft Red Herring Prospectus:

Approval / License	Issuing Authority	Date of Application	Status
License to employ contract Labor	Licensing Officer, Contract Labor (Regulation and Abolition) Act, 1970	30-03-2010	Fees Paid, Awaiting License
Certificate to Manufacture current and proposed products. (Aggregate Capacity 60,000 MT)	Ministry of Commerce & Industry, Secretariat for Industrial Assistance, Public Relations and Complaints Section	21-04-2010	Acknowledgement has been received on 07-05-2010. Certificate is expected.
Environmental Clearance	State Level Expert Appraisal Committee, Dept. of Environment & Forest, Govt. of Gujarat, Gandhinagar	24-03-2010	Application has been accepted and TOR has been granted by the SEAC and the TOR period (Study Period) decided is to be from October to December, 2010. Clearance is likely to be received after TOR period.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board dated February 26, 2010

The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on March 24, 2010.

Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group, Group Entities or the person(s) in control of our Company and companies in which our, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity our Directors are involved in as promoters or directors.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Prohibition by RBI

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been declared as willful defaulters by the RBI or any other authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations, which states as follows:

26 (1) "An issuer may make an initial public offer, if:

(a) It has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent are held in monetary assets:
Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

(b) It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years:
Provided that extraordinary items shall not be considered for calculating distributable profits;

(c) It has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) *The aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;*

(e) *If it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."*

The following table shows the net tangible assets, monetary assets, distributable profits and net worth for the past five financial years in accordance with Indian GAAP**:**

(Rs. In Lacs)

For the Financial year ending	As On 31.03.2005	As On 31.03.2006	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.12.2009
Net Tangible Assets	1304.03	1986.52	3366.60	5442.29	7851.38	12440.97
Monetary Assets	8.82	9.52	12.45	25.52	17.25	11.04
% of Monetary Assets to Net Tangible Assets	0.68%	0.48%	0.37%	0.47%	0.22%	0.09%
Distributable Profits (PAT Taken)	9.42	70.21	90.51	111.23	137.62	576.05
Net worth	120.10	329.79	450.30	932.58	2189.84	2863.39
5 Times of Networth	600.50	1648.96	2251.49	4662.88	10949.18	14316.95

Explanation: *For the purposes of this regulation:*

(a) *"Net Tangible assets" mean the sum of all fixed assets (including Capital Work in Progress) and Investments and Current Assets (excluding deferred tax assets) Less : Current Liabilities (excluding Deferred Tax Liabilities).*

(b) *"Monetary Assets" mean Cash on hand and Balances with Scheduled Banks and Fixed Deposits with Scheduled Banks.*

We are an unlisted company complying with the conditions specified in Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as shown above and are hence eligible for the issue.

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be allotted under the Offer shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company became liable to repay it (i.e., from the date of refusal or within 8 days from the date of Bid/Offer Closing Date, whichever is earlier), then our Company 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.

SEBI DISCLAIMER CLAUSE

"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 LEAD MERCHANT BANKERS, ARYAMAN FINANCIAL SERVICES LIMITED AND NIRBHAY CAPITAL SERVICES PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS ARYAMAN FINANCIAL SERVICES LIMITED AND NIRBHAY CAPITAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 26, 2010 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, REGULATIONS, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE 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 SEBI (ICDR) 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 SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(4) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ICDR) REGULATIONS, 2009 WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION AS DESCRIBED IN SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATIONS, 2009 IS NOT APPLICABLE TO THE ISSUER.

(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/ LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

All legal requirements pertaining to the issue will be complied with at the time of filing of the prospectus with the roc in terms of section 60B of the Companies act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the prospectus with the roc in terms of sections 60 and 60B of the Companies act.

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."

Disclaimer from the Company and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MoU entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither us nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Disclaimer in respect of jurisdiction

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

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Gujarat, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The BSE has given vide its letter dated [●], permission to the Issuer to use the Exchange's name in this Draft Red Herring Prospectus as one of the stock exchange on which this Company's securities are proposed to be listed. The BSE has scrutinized the Draft Red Herring Prospectus 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 the Draft Red Herring Prospectus; or

ii. warrant that this Company's securities will be listed or will continue to be listed on the BSE; or

iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE. 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 BSE 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 the National Stock Exchange of India Limited

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. NSE has vide its letter bearing reference number [●] dated [●], given permission to our Company to use NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. NSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus 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 Draft Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60 of the Act, would be delivered for registration to the Registrar of Companies at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahemadabad - 380013

Listing

The Equity Shares issued though this Draft Red Herring Prospectus are proposed to be listed on the BSE and NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchanges.

In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act**.**

Our Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of Allotment for the Issue.

Consents

The written consents of the Promoters, the Directors, the Company Secretary and Compliance Officer, the Auditor, the Legal Advisor, the Book Running Lead Managers to the Issue, the Registrar to the Issue, the Bankers to the Company to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus for registration with the RoC as is required under Section 60 and 60B of the Companies Act.

R.K.Raman & Co., our Statutory Auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of filing of this Prospectus with the RoC.

Vikas A. Manohar & Co., Independent Auditors, who holds a Peer Review Certificate, have given their written consent to the report on restated financial information of our Company, in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of filing of this Prospectus with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for the inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Prospectus and the Draft Red Herring Prospectus with the Registrar of Companies and Designated Stock Exchange respectively.

Expert Opinion

Except as disclosed in the sections titled "General Information", "Auditors report" and "Other Regulatory and Statutory Disclosures" beginning on page 41, 146 and 197 respectively of this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:
"Any person who-
(a) **makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or**
(b) **otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Expenses of the Issue

The expenses of the Issue payable by our Company inclusive of brokerage, fees payable to the Book Running Lead Manager to the Issue, Registrar to the Issue, Legal Advisor, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses are estimated as follows:

Details of fees payable:

Activity	(Rs. in lacs)	% of Issue Expenses	% of Issue Size
Management Fess, Underwriting Commission and Brokerage	[●]	[●]	[●]
Marketing, Advertisement & Publicity Expenses	[●]	[●]	[●]
Printing & Stationery, Postage & Dispatch	[●]	[●]	[●]
Total	[●]	[●]	[●]

Will be completed after the finalization of the Issue Price

Fees payable to the Book Running Lead Managers

The total fees payable to the Book Running Lead Managers will be as per the MoU signed between the Company and the Book Running Lead Managers, a copy of which is available for inspection at the Registered Office of our Company.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with between the Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Others

The total fees payable to the Legal Advisor, Auditor and tax auditor will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement entered between our Company, the Book Running Lead Manager and Syndicate Members on [●]. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned in the Red Herring Prospectus.

Previous public or rights issues

Our Company has not made any public or rights issue since its inception.

Previous issues of shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 51 of this Draft Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Commission or brokerage on previous issues

Subject to payments to be made, if any, for the Pre-IPO Placement, no sum has been paid or payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Companies under the same management

No company under the same management (within the meaning of section 370(1)(B) of the Companies Act) as us has made any capital issue during the last three years.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures or has made any bond issue.

Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1) (b) of the Companies Act which made any capital issue during the last three years

There are no listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act that made any capital issue during the last three years.

Promises Vs Performance

Our Company has not made any public issue since its inception. None of our group companies have made any public issue since their respective dates of inception.

Option to Subscribe

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data

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

Disclosure on Investor Grievances and Redressal System

The MoU between the Registrar to this Issue and our Company entered on September 19, 2006 will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Share Holders/Investors Grievance Committee comprising Mr. D.K.Vyas, Mr. Jashvant Patel and Mr. Shankarlal D. Mehta.

Our Company has appointed Mr. Amitabh Kumar Dubey as Company Secretary and Compliance Officer and he may be contacted at 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals District, Gujarat - 389330, India. Tel No: +91-2676-326944, Fax No: +91-2676-236327, Email: compliance@rajputanastainless.com for redressal of any complaints.

Disposal of investor grievance by listed companies under the same management

There is no listed company under the same management as the Company.

Tax Implications

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For details, please refer to the section titled "Statement of Tax Benefits" beginning on page 78 of the Draft Red Herring Prospectus.

Changes in the Auditors during last three years and reasons thereof

There have been no changes in the Statutory Auditors of our Company in the last three years.

Capitalization of Reserves or Profits

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 51 of this Prospectus.

Revaluation of Assets

We have not revalued our assets in the last five years.

Purchase of Property

Other than as disclosed in this Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or

- The amount of the purchase money is not material.

Except as stated elsewhere in this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, conditions of the FIPB approval, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, 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, guidelines, regulations, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a resolution of our Board dated February 26, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on March 24, 2010.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see "Main Provisions of the Articles of Association" on page 253 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [·] per Equity Share. The Anchor Investor Issue Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;

- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation.
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of the Articles of Association" on page 253 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 253 of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. 10800 LACS ("HEREIN AFTER REFFERED TO AS "THE ISSUE") BY RAJPUTANA STAINLESS LIMITED (HEREINAFTER REFERRED TO AS "RSL" OR THE "COMPANY" OF THE "ISSUER"). **THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.**
PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.
THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH. **THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

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

Particulars	QIB's	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	Minimum of [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retails Individual Bidders.	Minimum of [●] Equity Shares or Ne Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Size Available for Allocation**	Not more than 50% of the Net Issue or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders with 5% compulsory allocation to mutual funds.	Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid#	Such number of Equity Shares that the Bid Amount exceeds Rs. 1, 00,000 and in multiples	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity	[●] Equity shares and in multiples of [●] Equity Share thereafter

	of [●] Equity Shares thereafter.	Shares thereafter	
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One	One	One
Who can apply***	(i) a mutual fund, venture capital fund registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a state industrial development corporation; (vi) an insurance company registered with the Insurance Regulatory and Development Authority; (vii)a provident fund with minimum corpus of twenty five crore rupees; (viii) a pension fund with minimum corpus of twenty five crore rupees; (ix) 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; (x) insurance funds set up and managed by army, navy or air force of the Union of India;	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.100,000 in value.
Terms of Payment	Margin Money applicable to QIB's at the time of	Margin Money applicable to Non institutional Bidders at	Margin Money applicable to Retail Individual Bidders at the

	submission of Bid cum Application Form to the Syndicate Members.	the time of submission of Bid cum Application Form to the Syndicate Members.	time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	Full Bid amount on Bidding including that of anchor investor#	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 category would be met with spillover from other categories at the sole discretion of the Company, in consultation with the BRLMs.

*** 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 are in the same sequence in which they appear in the bid cum application form.

Our Company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the SEBI (ICDR) Regulations, 2009. At least one-third of the Anchor Investor Portion shall be available for allocation to Domestic Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of Bid-cum-Application Form to the BRLM and the balance within the Pay-in Date which shall be a date no later than two days of the Bid Closing Date.

Under subscription, if any, in any Category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over-subscription in the Issue, allotment to Bidders in all categories (except Anchor Investor Portion) shall be on a proportionate basis.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price.

THE ASBA PROCESS

Supplementary process of applying in public issues through Bid cum Applications Supported by Blocked Amount for certain eligible Retail Individual Investors, who qualify as ASBA Investors

Who can Bid as an ASBA Investor?

Any Investor who is:

- is bidding at cut-off, with single option as to the number of shares bid for;
- is applying through blocking of funds in a bank account with the SCSB;
- has agreed not to revise his/her bid;
- is not bidding under any of the reserved categories

Bid-cum-ASBA Form

- An ASBA Investor shall only use a Physical Bid-cum-Application form Supported by Blocked Amounts ("Physical Bid Cum ASBA Form") or Electronic Bid-cum-Application form Supported by Blocked Amounts ("Electronic Bid Cum ASBA Form") and collectively ("Bid Cum ASBA Form") available with the SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches ("DB") of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor.
- SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at www.sebi.gov.in . Bid-cum-ASBA forms can be accepted only by SCSBs.
- A SCSB shall identify its DB's at which an ASBA investor shall submit the bid-cum-ASBA forms and shall also identify the CB which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and BRLMs. The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it. The ASBA investor should ensure that it has a Savings Account with the DB, to be eligible for making an application through ASBA. The Investor should check the SEBI website, www.sebi.gov.in, for details of the DBs. A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB , along with the Electronic Bid Cum ASBA Form , so as to enable an ASBA Investor to confirm that he/she has read and

understood the terms and conditions of the Abridged Prospectus, before applying in the Issue. Bid-cum-ASBA Form

- The prescribed colour of Physical Bid-cum-ASBA Form is Green. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and Bid cum ASBA Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Bid cum ASBA Form and that the same are made available on the websites of the SCSBs, Stock Exchange(s), BRLM and Syndicate Members. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the Bid cum ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the Bid-cum- ASBA Form in electronic form on the websites of the SCSBs. An ASBA Investor shall only use the Bid-cum-ASBA Form for making a Bid in terms of the Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained.
- The ASBA Investor shall have only one option as to the number of Equity Shares Bid for. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA. Investor held with the SCSB specified in the Bid-cum-ASBA Form, on the basis of an authorization to this effect given by the ASBA Investor and thereafter upload the Bid Cum ASBA in the electronic bidding system of the Stock Exchange. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the Bid cum ASBA and shall not upload such Bids with the Stock Exchanges. Upon completing and submitting the Bid-cum-ASBA Form to a SCSB, either electronically or physically, as has been elaborated herein below, the ASBA Investor is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-ASBA Form 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 ASBA Investor.

Method and Process of Bidding for ASBA Investors

- An ASBA Investor, shall submit a completed Bid –cum- ASBA Form to a SCSB, with whom the bank account to be blocked, is maintained, by either submitting the Bid-cum-ASBA Form physically with the Designated Branches of the SCSB or submit the Bid-cum-ASBA Form electronically through the internet banking facility offered by the SCSB. In case of an electronic upload of the Bid-cum-ASBA Form, the ASBA Investor himself shall fill in all the above mentioned details, except the application number which shall be system generated.
- The SCSB shall give an acknowledgement specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.
- After accepting an ASBA, the SCSB shall block funds available in the bank account specified in the physical & electronic ASBA, to the extent of the application money specified in the ASBA; only thereafter the SCSB shall capture/upload the following details in the electronic bidding system provided by the Stock Exchanges:
    - Name of the Bidder(s);
    - Application Number;
    - Permanent Account Number;
    - Number of Equity Shares Bid for;
    - Depository Participant identification No.; and
    - Client identification No. of the Bidder’s beneficiary account.

- In case of an electronic upload of the Bid-cum-ASBA Form, the SCSB shall thereafter upload all the Abovementioned details in the electronic bidding system provided by the Stock Exchange(s). The SCSB shall generate a Transaction Registration Slip/ order number, confirming upload of ASBA details in the electronic bidding system of the Stock Exchanges. The Transaction Registration Slip number shall be given to the ASBA investor as a proof of uploading the details of ASBA, only on demand.
- The SCSB shall also ensure that the amount blocked by it in the bank accounts specified in the Bid-cum-ASBA form shall be available at all times for giving to the Issuer at the time of finalization of allotment.

Mode of Payment

Upon submission of an Bid cum ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or Bid cum ASBA Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum ASBA Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the Bid-cum-ASBA Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or withdrawal of bids by ASBA Investor or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

In case of Bid-cum-ASBA Form, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

- it has received the ASBA in a physical or electronic form; and
- it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.

ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

The SCSB may reject the ASBA Bid upon receipt of Bid-cum-ASBA Form, if the ASBA Account maintained with the SCSB as mentioned in the Bid-cum-ASBA Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, the Company and the Designated Stock Exchange, based on the physical records of the Bid-cum-ASBA Form shall be final and binding on all concerned.

Issuance of Confirmation of Allocation Note

The dispatch of the CAN to an ASBA Investor shall be deemed to be a valid, binding and irrevocable contract for the ASBA Investor, whose funds shall thereafter be unblocked by the SCSB and shall be transferred to the ASBA Public Issue Account for the payment of the entire Issue Price for allocation for all the Equity Shares transferred to such ASBA Investor.

Terms of Payment and Payment into the Public Issue Account by the SCSB

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue Account on a date falling within 8 days from the Bid/Issue Closing Date as informed by the Book Running Lead Manager.

- Number of shares to be allotted against each valid ASBA
- Amount to be transferred from the relevant bank account to the ASBA Public Issue Account, for each valid ASBA
- The date by which the funds referred to in sub-para (2) above, shall be transferred to the ASBA Public Issue Account
- Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

General Instructions

Do's:

- Check if you are eligible to Bid under ASBA process.
- Ensure that you use the Bid-cum-ASBA Form specified for the purposes of ASBA process.
- Read all the instructions carefully and complete the Bid-cum-ASBA Form (if the Bid is submitted in physical mode, the prescribed Bid-cum-ASBA Form is green in colour).
- Ensure that your Bid is at the Cut-off Price.
- Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
- Ensure that Bid-cum-ASBA Form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you have mentioned the correct bank account No. in the Bid-cum-ASBA Form.
- Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the Bid-cum- ASBA Form to the respective Designated Branch of the SCSB.
- Ensure that you have correctly checked the authorisation box in the Bid-cum-ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid-cum-ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.

- Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your Bid-cum-ASBA Form.
- Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
- Ensure that the name(s) given in the Bid-cum-ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-ASBA Form.
- Ensure that the Demographic Details are updated, true and correct, in all respects

Don'ts:

- Do not submit an ASBA Bid if you are applying under any reserved category.
- Do not revise your Bid.
- Do not Bid for lower than the minimum Bid size.
- Do not Bid on another ASBA or Non- Bid-cum-ASBA Form after you have submitted a Bid to a Designated Branch of the SCSB.
- Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- Do not send your physical Bid-cum-ASBA Form by post; instead submit the same to a Designated Branch of the SCSB only.
- Do not fill up the Bid-cum-ASBA Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000.
- Do not submit the GIR number instead of the PAN Number.
- Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Specific Instructions for ASBA Investors and grounds for rejection of Bids:

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an "ASBA Investor", the Bid shall be rejected
- Check all the details entered into the Bid-cum-ASBA Form are correct. If the DP ID, Client ID or PAN furnished by the ASBA Investor in his Bid-cum-ASBA Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.
- The Registrar shall match the reconciled data with the depository's database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository's database, such Bid-cum-ASBA Form shall be rejected by the Registrar.
- Multiple applications by ASBA applicant with common PAN.
- Use of Bid-cum-application form other than Bid-cum-ASBA Forms (green in colour), meant only for ASBA Investor.
- Bids at any price levels other than "cut-off".
- Bid for lower number of Equity Shares than minimum bid size.
- Bid-cum-ASBA Form not signed by the account holder in case the ASBA Bidder is not the account holder
- Insufficient funds in the bank account specified in the Bid-cum-ASBA Form
- Submission of Bid-cum-ASBA Form after the issue closure timing.
- Ensure that you have authorised the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds

in the bank account maintained with the SCSB specified in the ASBA, transfer of funds to the ASBA Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling yourselves to receive shares on such transfer of funds, etc, failing which the Bid-cum-ASBA Form shall be rejected.

- Bid-cum-ASBA forms should bear the stamp of the Syndicate Member and / or Designated branch of SCSB. Bid-cum-ASBA forms which do not bear the stamp will be rejected.
- Ensure that you have authorised the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalisation of the basis of allotment and to transfer the requisite money to the ASBA Public Issue Account failing which the Bid-cum-ASBA Form shall be rejected.

Revision of Price Band

SCSB shall ensure that information about revision in the Bidding Period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA Investors.

Withdrawal of Bids

In case an ASBA investor wants to withdraw his / her Bid-cum-ASBA Form during the bidding period, he / she shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor wants to withdraw his / her Bid-cum-ASBA Form after the Bid/ Issue Closing Date, he / she shall submit the withdrawal request to the Registrar. The Registrar shall delete the withdrawn Bid from the bid file.

Other Information

- In case of failure or withdrawal of the Issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.
- The SCSB shall not accept any Bid-cum-ASBA Form after the closing time of acceptance of Bids on the last day of the Bidding period.

Unblocking of Funds

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue account within the timelines specified in the ASBA process:

- Number of shares to be allotted against each valid ASBA
- Amount to be transferred from the relevant bank account to the ASBA Public Issue account, for each valid ASBA
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the ASBA Public Issue account
- Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.
- SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his/her address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications is described in "Issue Procedure- Multiple Bids" on page 243 of this Draft Red Herring Prospectus.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB.

Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the Bid-cum-ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 8 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 8 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 8 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section "Issue Procedure- Price Discovery and Allocation" on page 236 of this Draft Red Herring Prospectus.

Undertaking by our Company

In addition to our undertakings described under "Issue Procedure- Undertaking by our Company", with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

ISSUE PROCEDURE (OTHER THAN ASBA BIDDERS)

Current process of applying through a Bid-cum-Application Form wherein a cheque is used as a mode of payment Bidders are required to submit their Bids through the Syndicate Members only. In case of QIB Bidders, our Company in consultation with BRLM may reject Bid procured by any or all members of the syndicate at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in 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.

Bid-cum-Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors*	Yellow

* Bid-cum-Application Forms for Anchor Investors shall be available at the Registered Office of our Company and BRLM. In accordance with SEBI ICDR Regulations, 2009, only QIBs can participate in the Anchor Investor Portion.

Who Can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- 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 and corporate bodies registered under the applicable laws in India and authorized to invest in Equity shares;
- 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;
- Indian Mutual funds registered with SEBI;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- As permitted by the applicable laws, Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares.
- National Investment Fund set up by resolution F.No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India.

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of the BRLM and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. 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.

Bids by Mutual Funds

An eligible Bid shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,50,000 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made 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 for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds in Equity Shares:

- No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or 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.

Bids by Eligible NRIs

Eligible NRI Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid cum Application Forms from Registered Office of our Company, members of the Syndicate or the Registrar to the Issue.
- Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).
- All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- No single FII can hold more than 10% of post-issue paid-up capital of our Company (i.e., 10% of [●] Equity Shares).
- In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts other than a sub-account which is a foreign corporate or foreign individual, the investment on behalf of each sub account shall not exceed 10% of total issued capital. In accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of the Company's total paid-up capital.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII may issue, deal or hold, off shore 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 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 VCF and FVCI

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on foreign venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

The SEBI has issued a press release on 26 June, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing this Draft Red Herring Prospectus with the SEBI.

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three and in the same order as their Depository Participant details);
- Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; Other Non Resident Bidders must bid for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page 227 of this Draft Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. 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 Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

For Retail Bidders:

- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000.
- Bidders may note that the total Bid amount will be used to determine if a Bid is in the retail category or not, and not just the amount payable on Application.

- In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000.
- In case the Bid amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of option to Bid at Cut-off price, the Bid would be considered for allocation under the Non Institutional Portion. The option to Bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders:

- The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.
- A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB margin 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. 1,00,000, for being considered for allocation in the Non-Institutional Portion.
- In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail Portion in respect of the Bids by Non Institutional Bidders who are otherwise eligible for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Anchor Investor Portion

The Company may consider participation by Anchor Investor in the Net Issue for up to [●] Equity Shares in accordance with the applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category.

Anchor Investors shall be QIBs as defined in the SEBI (ICDR) Regulations, 2009. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 10 Crores and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day

Information for the Bidders

- Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC

and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a regional language (Gujarati) newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI (ICDR) Regulations, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The members of the syndicate shall accept bids from the Bidders during the bidding/ issue period in accordance with the terms of the syndicate agreement.

- The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum-Application Form to their potential investors. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of our Company or from the BRLM, or from a member of the Syndicate.
- Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.
- The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
- In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing published in two national newspapers (one each in English and Hindi) and a regional language (Gujarati) newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Runner and at the terminals of the members of the Syndicate.
- We, in consultation with the BRLM, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of bidding

- The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One). 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 titled "Bids at Different Price Levels" on page 230 of this Draft Red Herring Prospectus) 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 and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- 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. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding 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 allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through

the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 236 of this Draft Red Herring Prospectus.

- The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
- During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page no. 232 of this Draft Red Herring Prospectus.

Bids at different price levels and revision of Bids

- The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10/- each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).
- Our Company, in consultation with the BRLM, can revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
- Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and in regional language newspaper (Gujarati) with a wide circulation and also indicating the change on the relevant website of the BRLM, Company and the terminals of the members of the Syndicate.
- The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- 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. 1,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is not permitted for QIB or Non Institutional Bidders who bid for and such Bids from QIBs and Non Institutional Bidders shall be rejected.
- Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who bid at the Cut-off Price, such Bidders shall receive the refund of the excess amounts from the respective Refund Account.
- In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) 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. 1,00,000 if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid by retail Individual Bidder will be

considered for allocation under the Non-Institutional portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders is deemed to have approved such revised Bid at Cut-off Price.

- In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
- In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs. 7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
- 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 during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid cum Application Form.
- Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- The Bidder can make revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- 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.
- 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 this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Instructions for completing the Bid-cum-Application Form

- Application shall be made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and non-residents applying on a non-repatriation basis; blue colour for the Eligible NRIs, FIIs applying on a repatriation basis.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- 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.

- The Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, subject to a maximum Bid Amount of Rs. 100,000.
- For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [•] Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares. Bids cannot be made for more than the Issue size.
- Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- Application in the Issue Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

PAYMENT INSTRUCTION

Escrow Mechanism

- Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks 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 in a certain category would be deposited in the Escrow Account for the Issue.
- The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement.
- The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders.
- The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders.
- On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue and to the Refund Account as per the terms of the Escrow Agreement.
- Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form by drawing a cheque, demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) as per the below terms:

- The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds.

- Each category of Bidders (i.e. QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. (For details please see the section titled "Issue Procedure – Payment Instructions" beginning on page 232 of this Draft Red Herring Prospectus. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Terms of the Issue" beginning on page no. 209 of this Draft Red Herring Prospectus. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
- Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM for QIB Bidders. If the payment is not made favouring the Escrow account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.
- Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 8 days from the Bid Closing Date/Issue Closing Date, failing which our Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.
- The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the member of the Syndicate.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multipled by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
    - In case of resident QIB Bidders - "Escrow Account–RSL – Public Issue - QIB-R"
    - In case of Resident Retail and Non-Institutional Bidders- "Escrow Account–RSL – Public Issue - R"
    - In case of Non-Resident QIB Bidders - "Escrow Account– RSL –Public Issue-QIB–NR"
    - In case of Non –Resident Retail and Non-Institutional Bidders – "Escrow Account – RSL – Public Issue - NR"
- 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 a Non-Resident Ordinary Account of a Non-Resident Bidder bidding on a

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 Account.

- 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 an NRO account of a Nonresident Bidder bidding on 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 Account or an NRO account.
- In case of Bids by FIIs, FVCI's registered with SEBI 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.
- Where a Bidder has been allocated a lesser number of equity shares then the Bidder has bid for, the excess amount, if any, paid on bidding, after adjusting towards the balance payable on equity shares allocated, will be refunded to the Bidder from the refund amount.
- The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- On the Designated Date and no later than 8 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- Payments should be made by cheque, or demand drafts drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.
- Bidders are advised to mention the number of the Bid Cum Application Form on the reverse of the cheques or demand draft to avoid misuse of the instrument submitted along with the Bid cum application Form.

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

i.	In case of Resident Anchor Investors	:	**Escrow Account– Rajputana Public Issue– Anchor–R**
ii.	In case of Non-Resident Anchor Investor	:	**Escrow Account–Rajputana Public Issue– Anchor-NR**

Payment by Stock-invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5,2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

Electronic Registration of Bids

- The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- The NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. The members of the Syndicate 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 Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the websites of NSE and BSE i.e. www.nseindia.com and www.bseindia.com respectively.
- A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period.
- At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
    - **Name of the Bidder(s):** Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
    - **Investor Category** – Individual, Corporate, QIB, NRI, FII, Mutual Fund etc.;
    - **Numbers of Equity Shares bid for**;
    - **Bid price**;
    - **Bid-cum-Application Form number**;
    - Whether **Margin Amount**, as applicable, has been paid upon submission of Bid-cum-Application Form; and
    - **Depository Participant Identification Number and Client Identification Number** of the demat Account of the Bidder.
- A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- The BRLM/ member of the Syndicate have the right to accept the Bid or reject it, however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page 244 of this Draft Red Herring Prospectus.
- It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring

Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Build Up of the Book and Revision of Bids

- Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- During the Bidding 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.
- Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- 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 this Draft Red Herring Prospectus. In case of 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.
- The Bidder can make this revision any number of times during the Bidding 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 has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Price Discovery and Allocation

- After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels under various categories.
- Our Company, in consultation with the BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each category to Bidders.

- The allocation for QIBs would up to 50% of the Issue and to Non-Institutional Bidders and Retail Individual Bidders will be at least 15% and 35% of the Issue, respectively, subject to valid bids being received at or above the Issue Price. The allocation shall be done on a proportionate basis in the manner specified in the SEBI Regulations and this Draft Red Herring Prospectus and in consultation with the Designated Stock Exchange.
- Under-subscription, if any, in any category of the Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [•] 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 Non-Institutional and Retail portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of Company, in consultation with the BRLM and the Designated Stock Exchange
- Allocation to Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before the Board meeting for(to check) allotment.
- In terms of SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their bid after the bid / issue closing date.
- The allotment details shall be put on the website of the Registrar to the Issue at www.adroitcorporate.com.

Signing of Underwriting Agreement and ROC Filing

- Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects. Filing of the Prospectus with ROC
- The Company will file a copy of the Prospectus with the Registrar of Companies, Gujarat at Ahemadabad in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall after receiving final observation, if any, on the Draft Red Herring Prospectus with SEBI, and filing of the Red Herring Prospectus with RoC, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations in two widely circulated national newspapers (one each in English & Hindi) and a Gujarati newspaper (Regional) with a wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company in two widely circulated national newspapers (one each in English & Hindi) and a Gujarati newspaper with a wide circulation, after 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 Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to allotment shall be made on the same date to all investors in this Issue;
- The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN;
- Such Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder.
- The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below in this Draft Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

- After the Bid/Issue Closing Date, an electronic book will be prepared, by the Registrar, on the basis of, Bids uploaded on the BSE/NSE system.
- Based on the electronic book, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them.
- This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar.
- Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheques bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange.
- As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares.
- The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that the allotment of Equity Shares is done within 8 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the

Public Issue Account and Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account of the allotted Equity Shares to the allottees within two working days of the date of finalization of the basis of allotment.

- As per the SEBI (ICDR) Regulations, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to rematerialize the Equity Shares so allotted, if they so desire, 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 to them pursuant to this Issue.

General Instructions

Do's:

- Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Red Herring Prospectus;
- Read all the instructions carefully and complete the Bid-cum-Application Form (white or blue in colour) as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct and the beneficiary account is activated, as allotment of Equity Shares will be in the dematerialised form only.
- Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- 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.
- Ensure that you have been given a TRS for all your Bid options;
- Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the Bid is within the Price Band.
- Each Bidder should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act.
- Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

- Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- Do not Bid for lower than minimum Bid size;
- Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay Bid amount in cash, money order, postal order or by stockinvest;
- Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders)
- Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.

- Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
- Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

Bidder's Bank Details

- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid-cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders bank account details, including the nine digit MICR code as appearing on a cheque leaf..
- These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor BRLM shall be liable to compensate for the losses caused to the Bidders due to any such delay or liable to pay any interest for such delay.

Bidder's Depository Account Details

- IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S 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.
- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS, Direct Credit , RTGS or NEFT and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.
- These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used any other purposes by the Registrars to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.
- By signing the Bid-cum-Application Form, Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

- Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that 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 Bidders in the Bid-cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, bidders may note that refunds may get delayed if bank particulars obtained from the depository participants 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 its 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 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. The Company and/or the Book Runners 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 Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.
- 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 submitted 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 thereof.
- In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development
- Authority must be submitted 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 thereof. In case of Bids made by provident fund with the

minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension fund with the minimum corpus of Rs. 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged 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 thereof.

- In case of Bids made pursuant to Power of Attorney by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted 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.
- In case of Bids made pursuant to Power of Attorney by National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, a certified copy of the relevant resolution or authority, as the case may be must be submitted 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.
- Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and the BRLM may deem fit.
- The Company in its absolute discretion reserves the right to permit the holder of the power of attorney to request the Registrar to the issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/ allocation advice, 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 to the Issue shall use Demographic details as given on the Bid cum application form instead of those obtained from the Depositories.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts equivalent to the margin amount shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.
No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, illustrations of certain procedures, which may be followed by the Registrar to the Issue to detect multiple applications, are provided below:

- All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
- In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
- The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and nonnumeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.
- The applications will be scrutinized for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.
- 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.
- The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007 the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. 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.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page 244 of this Draft Red Herring Prospectus

Grounds for technical rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, on the following technical grounds:

- Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of Partnership firms, the shares may be registered in the name of individual partners and no such partnership firm shall be entitled to apply.
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN not stated;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids for number of Equity Shares, which are not in multiples of [•];
- Category not ticked;
- Multiple bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/ postal order/ cash;
- Signature of sole and/or joint Bidders missing;
- Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Member;
- Bid-cum-Application Form does not have Bidder's depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum-Application Form and this Daft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's account number;
- Bids by OCBs;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation under the Securities Act;
- Bids by QIBs not submitted through BRLM or members of the syndicate:
- Bids by NRIs not disclosing their residential status;
- If GIR number is mentioned instead of PAN number:
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- Bids by any person resident outside India, if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- Bids at cut-off price by Non-Institutional and QIB Bidders whose maximum Bid exceeds Rs. 100,000.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated [•] among NSDL, our Company and Registrars to the Issue.
2. An Agreement dated [•] among CDSL, our Company and Registrars to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- 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.
- Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- 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 depository account details of the Bidder(s) with the Depository.
- Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
- 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.
- 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.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in respective beneficiary accounts, refund orders etc.

Procedure and Time Schedule for Allotment

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•].

Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE.

Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time.
The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Regulations require our Company to complete the allotment to successful bidders within 8 days of the expiration of the Bidding Period.

The Equity Shares will 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.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

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 [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

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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 Bidder 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 [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The 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:

     (-) 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.

     (-) 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.

     (-) 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 first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

     (-) 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.

     (-) 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.

     (-) 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 [●] Equity Shares.

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.

D. For Anchor Investors

- Our Company, in consultation with the BRLM, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of 2 allotees.

- The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/Issue Opening Date.

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

- In case the Issue Price is greater than the price at which Equity Shares are allocated to Anchor Investors, the additional amount being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors shall be paid by the Anchor Investors. In the event the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the allotment to Anchor Investors shall be at the higher price i.e. the price at which Equity Shares were allocated under the Anchor Investor Portion.

- Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors

- The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of allotment in the Issue.

- The BRLM or any person related to the BRLM / Promoters/Promoter Group shall not participate in the Anchor Investor Portion.

- Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

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.

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 [●] 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 [●] Equity Shares.

E) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

F) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference:

1) ECS- Electronic Credit Service

- Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental

Bank of Commerce); Haldia (Non MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur).

- This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories.

- The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository participant.

2) Direct Credit

Applicants having bank accounts with the Refund Bankers, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.

3) RTGS

- Applicants having a bank account at any of the above-mentioned 68 centers, have also 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 Bidcum-Application form.
- In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company.
- Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.

4) NEFT

- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC 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 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 hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5) Refund Orders

- For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the 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.
- Please note that only applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched "Under Certificate of Posting" for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

Our Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading "Dispatch of Refund Orders" on page 249 of this Draft Red Herring Prospectus shall be made available to the Registrar to the Issue by our Company;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 8 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid Money is refunded on account of nonlisting, under-subscription etc.
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors of the Company certifies that:

- all monies received out of the Issue shall be credited / 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;
- details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested;

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

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 or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company 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, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However we shall update this Draft Red herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

<table>
<tr><th>Sr. No.</th><th>Details / Particulars</th></tr>
<tr><td></td><td>SHARE CAPITAL</td></tr>
<tr><td>4</td><td>Company not to purchase its own shares

The Company shall not have power to buy its own shares, otherwise then the manner flowed under section 77 (A) of the Act, and unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 or Section 402 of the Act.
The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company. Provided that nothing in this clause shall be taken to prohibit :

i. the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
ii. the making by the Company of loans, within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.
iii. No loan made to any person in pursuance of clause of the foregoing provision shall exceed in amount, his salary or wages at that time for a period of six months.

Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.</td></tr>
<tr><td>5</td><td>Share Capital

The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement</td></tr>
</table>

	of the winding up.
6	**Increase, Reduction & Alteration of Share Capital** The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient. On what conditions the new shares may be issued (a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed. Further Issue of Shares (b) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then : i. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date. ii. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined. iii. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause thereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person is whose favour any member may renounce the shares offered to him. iv. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit. (c) Notwithstanding anything contained in sub-clause (1) Thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever. i.If a special resolution to that effect is passed by the Company in General Meeting, or

	ii.Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (d) Noting is sub-clause (c) of (1) hereof shall be deemed : (i) To extend the time within which the offer should be accepted; or (ii) To authorize any person to exercise the right of renunciation for a second time on the Aground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation. (e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company: (i) To convert such debentures or loans into shares in the Company; or (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise). PROVIDED THAT the terms of issue of such debentures or the terms of such loans includes term providing for such option and such term: i. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and ii. 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.
7	**Redeemable Preference Shares** Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed; Provided that : (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.

10	**Division, Sub-division, Consolidation, Conversion and Cancellation of Shares** Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may: a. consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares; b. sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares. c. convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination. d. cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
12	**Modification of Rights** If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum
	SHARES AND SHARE CERTIFICATES
17	**Restriction on Allotment** The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.
25	**Trust not Recognized** Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.
28	**Issue of New Certificate in place of one Defaced, Lost or Destroyed**

	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, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 1/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Board 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. The provisions of this Article shall mutatis mutandis apply to debentures of the Company.
29	**Interest out of Capital** Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or building or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of cost of construction of the work or building or the provision of the plant.
	CALLS
31	**Directors may make calls** The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/ debentures held by them respectively and such member/debenture holders shall pay the amount of very call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.
32	**Date of Call** A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.
33	**Notice of Call** Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.
34	**Extension of time for making the payment of call** The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the

	members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.
35	**Sums deemed to be calls** Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.
39	**Interest payable on Call** If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.
41	**Suit for recovery of Calls** On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was
42	**Payment in anticipation of call may carry interest** The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to 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 dividends. The Directors may at any time repay the amount so advanced. The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
44	**Company's lien on Shares** The Company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the

	proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/ debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Clause.
45	**Enforcing Lien** For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such Member/debenture holder. No sale shall be made until such period, as may be stipulaterd by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
	FOREFEITURE
47	**(a) Notice for Payment of Call** 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 share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share 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 that may have been incurred by the Company by reason of such non payment. **(b) Form of Notice** The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.
48	**Shares to be forfeited in case of Default** If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted

	by the company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.
49	**Notice of Forfeiture to Member** When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
50	**Forfeited share to become property of the Company** Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.
51	**Power to annual forfeiture** The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annual forfeiture thereof upon such conditions as they think fit.
53	**Effect of Forfeiture** The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved
54	**Evidence of forfeiture** A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture
55	**Validity of Sale** Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money, and after such purchaser's name has been entered in the Register of Members in respect of such shares, the validity of the sale shall be not be impeached by any person, and the remedy of any person aggrieved by the sale shall not be damages only and solely against the Company. Where any shares are sold according to the provisions herein contained and the certificate thereof has not been delivered up to the Company by the former holder of said shares, the Board may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

57	**Title of Purchaser and allottee for forfeited share** The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.
58	**Surrender of Shares and Debentures** The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.
59	**Transfer Register** The Company shall keep a book to be called the "Register of transfers" and therein shall be fairyland distinctly entered the particulars of every transfer or transmission of any share.
	TRANSFER AND TRANSMISSION OF SHARES & DEBENTURES
62	**Board may refuse to register a transfer** Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the 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. Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.
60	**Instrument of Transfer** The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies ACT, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.
61	Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.
63	**Transfer of Shares** a. An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless

	the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee. b. For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post. c. It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the Certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit. d. Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law. e. The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company; 1. for splitting of a share or debenture certificate into several scripts of very small denominations; 2. proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need. i. transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law; ii. the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee. iii. the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures. iv. the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company. Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s). **f.** Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.
64	(a) The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may

	decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine. **(b) Dematerialization of Securities** Notwithstanding anything contained in these Articles the company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depository Act, 1996.
65	**Closure of Transfer Books & Register** The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.
67	**Title to share of deceased member** The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
70	**Right to receive Dividends** A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture. Article 70 shall not prejudice the provisions of Articles 44 and 55.
72	**Refusal to Register a Nominee** The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
73	**Directors may require Evidence of transmission** Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
75	**Notice prohibiting Registration of an transfer**

	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit
	JOINT HOLDERS OF SHARES
77	**Joint Holders of Shares** Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles. **No transfer to more than four persons as joint holders** a. The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture**.** **Transfer by joint holders** b. In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders**.** **Liability of joint holders** c. The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share/debenture. **Death of one or more joint holders** d. On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person. **Receipt of one sufficient** e. Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture. **Delivery of certificate and giving of notices to first named holder** f. Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders. **Vote of joint holders** g. i. Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such

	persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares. ii. Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.
	BORROWING POWERS
78	**Powers to borrow** The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company: a. sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking. b. remit, or give time for the repayment of any debt due by a Director. c. invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time. d. borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose. **e.** contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater. Explanation : Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).
79	**Conditions for Borrowing** The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.
82	**Issue of Debentures at discount** Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special

	privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following: **Debentures with voting rights not to be issued** a. The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business. b. The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act. c. Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act. d. Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act. e. The term 'charge' shall include mortgage in these Articles. f. A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance. **Limitation of time for issue of certificate** g. The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide. The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register. Right to obtain copies of and inspect Trust Deed h. i. A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment. 1. In the case of a printed Trust Deed of the sum of Rupee One and 2. in the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied. ii. The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.
	GENERAL MEETINGS
93	**Annual General Meeting** Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

97	**Extra Ordinary General meetings** The Directors may call an extraordinary general meeting of the Company whenever they think fit. Calling of Extra Ordinary General Meeting on requisition a. The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company. b. 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. c. The requisition may consist of several documents in like form, each signed by one or more requisitionists. d. The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter. e. Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled. f. If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called: 1. by the requisitionists themselves; 2. by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less. Explanation : For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act. g. A meeting, called under clause (f) above, by the requisitionists or any of them: 1. shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but 2. shall not be held after the expiration of three months from the date of the deposit of the requisition. Explanation : Nothing in clause (g) (2) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period. h. Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them. i. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

98	**Notice of general meetings** a. A general meeting of the Company may be called by giving not less than twenty one days' notice in writing. b. A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto; 1. in the case of an annual general meeting by all the members entitled to vote thereat: and 2. in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting; Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter**.**
99	**Contents & Manner of Notice and persons on whom it is Served** a. Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. b. Notice of every meeting of the Company shall be given: i. into every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act; ii. to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; iii. to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of any member of members of the Company and iv. to all the Directors of the Company Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company. c. The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
100	**Explanatory Statement Annexed to Notice and Special Business** A. For the purpose of this Article : 1. in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to a. the consideration of the accounts, balance sheet and the reports of the

	Board of Directors and auditors. b. the declaration of a dividend; c. the appointment of Directors in the place of those retiring, and d. the appoint of and the fixing of the remuneration of the auditors, and 2. in the case of any other meetings, all business shall be deemed special. B. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any. Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the provision to sub-section (2) of Section 173 of the Act. C. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.
	PROCEEDINGS AT GENERAL MEETING
101	**Quorum** a. Five members personally present shall be the quorum for a general meeting of the company. If quorum not present meeting to be dissolved or adjourned b. (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved. (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine. Adjourned meeting to transact business c. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum. Presence of quorum (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.
102	**(c) Chairman** The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman. If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

	(d)Power to adjourn General Meeting The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situated. **(e) Notice of Adjourned Meeting** No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place. **(f) Meeting to be Adjourned** When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.
103	**Vote by Proxy** (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting. (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company **Instrument appointing a Proxy** (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat. (d) The instrument appointing a proxy shall : 1. be in writing, and 2. be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
VOTES OF MEMBERS	
104	**Restrictions on exercise of voting Rights of members who have not paid calls** a. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien. b. Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.
105	**Voting Rights** A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out

	in Article 104.
106	**Equal rights of share holders** Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.
107	**Votes by show of Hands** At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
108	**(a)** Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him. **(d) Vote in respect of Deceased or insolvent members** Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof. **(g) Objections regarding Validity of Votes** No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever. **(h) Determination by Chairman to be conclusive** The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
109	**Chairman's Declaration** A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
110	**Demand for poll** (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of

	not less than fifty thousand rupees has been paid up. (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
111	**Taking of Poll** Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
112	**Right of Member to use his Vote differently** On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.
118	**Circulation of Resolution** The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.
120	**Resolutions passed at adjourned Meetings** The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.
122	**Minutes of general meeting and inspection of Minute Book** a. The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered. b. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed: 1. In the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting. 2. in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose. c. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise. d. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat. e. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting. f. In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

	1. The names of the Directors present at the meetings, and 2. in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution. g. Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: 1. is or could reasonably be regarded, as defamatory of any person 2. is irrelevant or immaterial to the proceedings; or 3. is detrimental to the interests of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.
124	**Inspection of Minute Book** (a) The books containing the minutes of the proceedings of any general meeting of the Company shall; be kept at the registered office of the Company, and be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection. (b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.
	BOARD OF DIRECTORS
127	**Number of Directors** Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.
129	**Debenture Director** Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as “Debenture Director” and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
131	**Special Director** a. In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as “Collaborator”) to appoint from time to time any person or persons as Director or Directors of the Company (hereinafter referred to as “Special Director”)

	and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter. b. The collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office. **c.** It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator s so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment. Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles 130 and 131 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.
133	**Appointment of Alternate Director** a. The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. b. 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 State in which meeting of the Board are ordinarily held. **c.** If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.
134	**Appointment of Additional Directors** Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles. Any Director so appointed shall hold the office only upto the next annual general meeting of the Company and shall then be eligible for re-appointment.
135	**Casual Vacancy** Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.
138	**Remuneration of Directors** a. Subject to the provisions of the Act, a Managing Director or a Director who is

	in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. b. Subject to the provisions of the Act, a Director, who is neither in the wholetime employment nor a Managing Director may be paid remuneration either : (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or (ii) by way of commission if the Company by a special resolution has authorised such payment. **c.** The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.
142	**Directors not to act when number falls below minimum** When the number of Directors in Office falls below the minimum above fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.
144	**Vacation of Office** a. The Office of a Director shall become vacant if: 1. he is found to be of unsound mind by a Court of competent jurisdiction; 2. he applies to be adjudicated an insolvent; 3. he is adjudged an insolvent; 4. he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; 5. he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure; 6. he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; 7. he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; 8. he acts in contravention of Section 299 of the Act; 9. he becomes disqualified by an order of court under Section 203 of the Act; 10. he is removed in pursuance of Section 284 of the Act; 11. having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; 12. he resigns his office by notice in writing given to the Company. B. Notwithstanding anything in sub-clauses 3, 4 and 5 of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect; 1. for thirty days from the date of the adjudication, sentence or order; 2. where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or

	order until the expiry of seven days from the date on which such appeal or petition is disposed off, or 3. where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.
145	**Removal of Directors** a. The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office. b. Special notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed. c. On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting. d. Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so, (i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and (ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court. e. A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid. f. If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly; Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors. g. Nothing contained in this Article shall be taken: (i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that

	as director; or (ii) As derogating from any power to remove a Director which may exist apart from this Article.
	PROCEEDINGS OF THE DIRECTORS
157	**Meetings of Directors** The Directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.
161	**Chairman** a. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. The Directors may also appoint a Vice Chairman of the Board of Directors to preside at the meetings of the Board of Directors at which the Chairman shall not be present and determine the period for which he is to hold office. b. All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same, the Vice Chairman, if present, shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.
162	**Quorum** The quorum at a meeting of the Directors shall be as prescribed by Section 287 of the Act.
163	**Board may appoint committees** Subject to the provisions of Section 292 and other provisions of the Act and Article 170 the Directors may delegate all or any of their powers to committees consisting of such member or members of their body as they think fit, and they may, from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes, but every Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.
164	**Resolution by circular** Subject to the provisions of Section 289 of the Act, a resolution passed without any meeting of Directors, or of a Committee of Directors appointed under these Articles and evidenced by writing under the hands of all the Directors or members of such Committee as aforesaid, for the time being in India, be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such committee called and held in accordance with the provisions of these Articles. Provided that the resolution has been circulated in draft, together with the necessary papers, if any, to such Directors, or members of the Committee, then in India (not being less in number 46

	than the quorum fixed for a meeting of the Board or the Committee as the case may be) and all other Directors or members at their usual address in India and has been approved by such Directors as are then in India or by majority of such of them, as are entitled to vote on the resolution.
166	**Acts of Directors notwithstanding defect of appointment** All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in these Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.
167	**Minutes of Directors Meeting** The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these Articles and Section 193 of the Act.
168	Minutes of any meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be for all purposes whatsoever prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.
	POWERS OF BOARD
170	**General power vested in Board** a. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board. (i) The power to make calls on shareholders in respect of money unpaid on their shares; (ii) The power to issue debenture; (iii) The power to borrow moneys otherwise than on debentures; (iv) The power to invest the funds of the Company, and (v) The power to make loans. Provided that the Board may be resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe. b. Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegate. c. Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate. d. Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual cases.

	Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.
171	**Restriction on Power of the board** a. The Board of Directors of the Company shall not except with the consent of the Company in general meeting: (i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking; (ii) remit, or give time for the repayment of any debt, due by a Director; (iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or (v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater. b. Nothing contained in sub-clause (a) above shall affect: i. the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or ii. the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing. c. Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act. d. No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded. Prohibition regarding making of political contributions e. Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.
172	**General power of company vested in Directors**

	Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
173	**Specific powers given to Directors** Without prejudice to the general powers conferred by Article 172 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Directors shall have the following powers : **To pay registration expense** (i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company; (ii) to pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act; **To acquire property** (iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory; To purchase lands, buildings etc. (iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory; To construct buildings (v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company; To mortgage, charge property (vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit; **To pay for property etc.** (vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or

in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To insure

(viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power; To open accounts

(ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit; To secure contracts

(x) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions

(xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services renderred to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

(xii) To accept surrender, of shares

(xiii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

To appoint trustees

(xiv) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

(xv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

To refer to arbitration

(xvi) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

(xvii) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

(xviii) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act.

To authorise acceptances

(xix) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;

To invest moneys

(xx) Subject to the provisions of Sections 292, 293, 370, 372 of the Act, invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;

To provide for personal liabilities

(xxi) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, convenants and provisions as shall be agreed upon;

To give to Directors etc. an interest in business

(xxii) Subject to such sanction as may be necessary under the Act or these Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

To provide for welfare of employees

(xxiii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

To subscribe to charitable and other funds

(xxiv) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national public or any other useful institutions, object or purposes for any exhibition;

To maintain pension funds

(xxv) To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;

(xxvi) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.

To create Reserve Fund

(xxvii) Before recommending any dividend, to set a side out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalising dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Act) as the directors may think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption or redeemable preference shares, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint Managers etc.

(xxviii) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

To authorise by power of attorney

(xxix) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the

	members, directors nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them. **To authorise, delegate** (xxx) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper. **To Negotiate** **(xxxi)** To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
	MANAGEMENT OF THE COMPANY
175	**Secretary of the Company** Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.
176	**Common Seal** a. The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence. **Seal abroad** b. The Company shall also be at liberty to have an official seal in accordance with Section 53 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.
	DIVIDENDS
178	**Dividends out of profits** The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively. .

182	**Dividend in proportion to amount paid – up** a. The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act. b. Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.
185	(a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years; **(b)** If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both. Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act
187	**Interim Dividend** The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.
188	**Retention of Dividends** The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.
190	**Transferred share must be registered** A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
191	**Dividend to joint holders** In the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers.
192	**Unpaid Dividend or Dividend Warrant Posted** a. 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 that behalf in any scheduled bank, as per Section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. b. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to section 205C. A claim to any money so transferred to the Investor Education and Protection Fund account may be preferred to the Central Government by the shareholders to whom the money is due. c. No unpaid or unclaimed dividend shall be forfeited by the Board.
193	**Set off of Dividend against Call** Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.
194	**Dividend to be paid in Cash** No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.
	CAPITALISATION OF PROFITS
195	**Capitalization** (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys' investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised: i. by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or ii. by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon. Provided that any amounts standing to the credit of the Share Premium Account may be applied in; (1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares; (2) in writing off the preliminary expenses of the Company; (3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or (4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

	Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares. (b) Such issue and distribution under sub-clause (a) (i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital. (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum. (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit. (e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
	AUDIT
207	**Copies of Balance Sheet to be filed** After the Balance Sheet and Profit and Loss Account have been laid before the Company at the annual general meeting, three copies of the Balance Sheet and Profit and Loss Account duly signed as provided under Section 220 of the Act together with three copies of all documents, which are required to be annexed thereto shall be filed with the Registrar, so far as the same be applicable to the Company
209	**Appointment & Qualifications of Auditor** a. The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting, and shall, within seven

	days of the appointment, give intimation thereof to every auditor so appointed. b. At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless: (i) he is not qualified for reappointment; (ii) he has given the Company notice in writing of his unwillingness to be reappointed; (iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, or (iv) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with. c. Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy. d. The Company shall, within seven days of the Central Government's power under sub-clause (c) becoming exercisable give notice of that fact to the Government. e. The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting. f. A person, other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed. g. The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act. h. None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.
	NOTICE AND DOCUMENTS
212	Auditors Repot c. The Auditors shall make a Report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account, and on every other document declared by the Act to be part of or annexed to the Balance Sheet or Profit and Loss Account, which are laid before the Company in annual general meeting during his tenure of office, and the Report shall state whether, in his opinion and to the best of his information and according to the explanation given to him, the accounts give the information required by the Act in the manner so required and give a true and fair view: (i) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its financial year: and (ii) in the case of the Profit and Loss Account, of the Profit and Loss for that financial year. d. The Auditor's Report shall also state :

	(i) whether he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit; (ii) whether, in his opinion, proper books of accounts as required by law have been kept by the Company so far as appears from his examination of those books and proper returns adequate for the purpose of his audit have been received from branches not visited by him; (iii) whether the report on the accounts of any branch office audited under Section 228 by a person other than the Company auditor has been forwarded to him as required by clause (c) sub-section (3) of the Section and how he has dealt with the same in preparing the Auditor's Report; (iv) whether the Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account and returns. e. Where any of the matters referred to in this Article is answered in the negative or with a qualification the Auditor's Report shall state the reasons for the answer. Accounts when audited and approved to be conclusive except as to errors discovered within three months
213	**Accounts when conclusive** Every account when audited and approved by a general meeting shall be conclusive except as regards any error therein discovered within three months next after the approval thereof. Whenever any such error is discovered within the said period, the accounts shall forthwith be corrected and henceforth shall be conclusive.
214	**Notice** Service of Notice by member A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate of posting or by registered post or by leaving it at its Registered Office. The term 'Notice' in this and the following clauses shall include summons, notice, requisition, order, judgement or other legal papers and any document.
215	**Service of Notice on Registrar** a. A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.
216	**Service of Notice on member by the Company** a. A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him. b. Where a Notice is sent by post : (i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

	Such service shall be deemed to have been effected: (1) in the case of a Notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and (2) in any other case, at the time at which the letter would be delivered in the ordinary course of post. **(c) Notice by Advertisement** A Notice advertised in a newspaper circulating in neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notices to him. **(d) Notice to Joint holders** Any Notice may be served by the Company on the Joint-holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture. **(e) Notice to personal representatives** A Notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.
218	**Authentication of Documents** Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the Director, the Managing Director, the Manager, the Secretary or other authorised Officer of the Company and need not be under its Common Seal.
	WINDING UP
219	**Distribution of Assets** a. Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of 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 the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. b. But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.
	SECRECY CLAUSE
222	**Secrecy**

	a. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained. b. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
	INDEMNITY CLAUSE
223	**Indemnity** Subject to the provisions of Section 201 of the Act, every Director, Manager, Officer, Servant and any person employed by the Company shall be indemnified out of the fund of the Company, and it shall be the duty of the Board to pay out the fund of the Company all costs, losses and expenses which any such Director, Manager, Officer, Servant or employee may incur or become liable to by reason of any contract entered into or in any way in the discharge of their duties, including expenses and in particulars and so as not to limit the generality of the foregoing provisions , against all liabilities incurred by them as such Director, Manager ,Officer, or employee in defending any proceedings, whether civil or criminal, in which judgment is given in that person's favour or he is acquitted or in connection with application under the Section 633 of the Act in which relief is granted by the Court. The amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other Claims.
224	Subject to the provisions of Section 201 of the Act, no Director of the Company, Manager, Secretary, Trustee, Auditor and other officer or servant of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or servant, or for joining in any receipts or other act for the sake of conformity merely, or for any loss or expenses happening to the company through the insufficiency or deficiency in point of titles or values of any property acquired by the order of the Directors for or on behalf of the Company, or mortgaged to the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested, or for any loss occasioned by any error of judgment omission, default or over-sight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution or performance of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.
226	**General** Wherever in the Companies Act, it has been provided that the Company shall have any right privilege or authority or that the Company could carry out any transaction only if the Company if so authorized by its Articles, then and in that case these regulations hereby authorise and empower the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company.

These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at Rajputana Stainless Limited, 213, Madhwas, Halol Kalol Road, Kalol, Panchmahals District, Gujarat- 389330, India, from 10.00 a.m. to 5.00 p.m. from the date of this Draft Red Herring Prospectus until the Issue Closing Date, on any working days.

(A) Material Contracts

1) Engagement letter dated 25-09-2009 and 05-04-2010 respectively appointing Aryaman Financial Services Limited and Nirbhay Capital Services Private Limited to act as Lead Managers to the Issue.

2) Memorandum of Understanding dated 25-06-2010 between our Company and the Lead Managers to the Issue.

3) Memorandum of Understanding dated 21-05-2010 between our Company and the Registrar to the Issue.

4) Underwriting Agreement dated [●] between our Company and [●];

(B) Documents

1) Certified true copy of the certificate of incorporation of our Company dated 02-04-1991and certificate of incorporation consequent upon conversion to Public Limited Company namely Rajputana Steel Casting Limited, and certificate of incorporation consequent upon change of name Rajputana Stainless Limited.

2) Memorandum of Association and Articles of Association of our Company.

3) Shareholders' resolution passed at the AGM held on 30-09-2009 re-appointing M/s. R.K. Raman & Co., Chartered Accountants as statutory auditors of our Company.

4) Copy of the Board resolution dated 26-02-2010 and shareholders resolution dated 24-03-2010 authorizing this Issue.

5) Copy of the Shareholders Resolution passed at the EGM held on 24-11-2008 appointing Mr. Shankarlal D. Mehta as the Chairman and Managing Director of our Company.

6) Consents of the Directors, Company Secretary/Compliance Officer, Auditor, Independent Auditor, Book Running Lead Manager(s) to the Issue, Bankers to the Company, Registrar to the Issue and the Legal Advisor to the Issue to our Company to include their names in this Draft Red Herring Prospectus to act in their respective capacities.

7) Copy of the Board resolution dated 24-02-2010 appointing Company Secretary as Compliance Officer.

8) Letter dated 25-05-2010 from the Statutory Auditor of our Company, M/s. R.K.Raman & Co. confirming the Statement of Tax Benefits as disclosed in this Draft Red Herring Prospectus.

9) Reports of the Independent Auditors, Vikas A. Manohar & Co., Chartered Accountants, dated 22-06-2010 regarding restated financials of the last five years and the nine months period ended December 31, 2009.

10) Applications made for in-principle listing approval dated [●] and [●] to the BSE and the NSE respectively.

11) Due Diligence Certificate dated 26-06-2010 from the Book Running Lead Managers.

12) Applications dated 25-06-2010 and 25-06-2010 made to CDSL and NSDL respectively for Demat connectivity of our Shares.

13) IPO Grading Report dated [●], 2010 by [●].

14) Copies of the annual reports of our Company for the years ended March 31, 2005, 2006, 2007, 2008, and 2009.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of 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, 1956 and other relevant statutes.

DECLARATION

No statement made in this Draft Red Herring Prospectus contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said Issue as also the guidelines, regulations, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors of the Company

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MR. SHANKARLAL MEHTA
Chairman & Managing Director

____

MR. BABULAL MEHTA
Whole Time Director

____

MR. JAYESH PITHWA
Executive Director

____

MR. S. RAMAMURTHI
Non-Executive Independent Director

____

MR. JASHVANT PATEL
Non-Executive Independent Director

____

MR. D.K.VYAS
Non-Executive Independent Director

____

MR. AMRENDRA THAKUR
GM-Finance & HR

Date: June 26, 2010
Place: Kalol, Gujarat