



Vaswani Industries Limited

(Our Company was incorporated on July 22, 2003 under the Companies Act, 1956, as amended ("Companies Act") with the Registrar of Companies, Madhya Pradesh & Chhattisgarh ("RoC") and we obtained the Certificate of Business Commencement on February 10, 2004. For further details in relation to the change in our Registered Office and our corporate history, please refer to the section titled "Our History and Corporate Matters" beginning on page no 99 of this Red Herring Prospectus).

Registered Office: MIG-4, Indrawati Colony, Raipur- 492 001, Chhattisgarh

Tel: 91-0771-4226000 **Fax:** 91-0771-4226099

E-mail: ipo@vaswaniindustries.com; **Website:** www.vaswaniindustries.com

Company Secretary & Compliance Officer: Ms. Rachana Hingar **E-mail:** complianceofficer@vaswaniindustries.com

PROMOTERS OF OUR COMPANY

MR. RAVI VASWANI, MR. PRAMOD VASWANI AND MR. YASHWANT VASWANI

PUBLIC ISSUE OF 1, 00, 00,000 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. [•] LACS (THE "ISSUE") OF VASWANI INDUSTRIES LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE WOULD CONSTITUTE 42.57% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE

THE FACE VALUE OF THE EQUITY SHARE IS Rs. 10/- each. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID OPENING DATE.

THE FLOOR PRICE IS [•] TIMES THE FACE VALUE AND THE CAP PRICE IS [•] TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (the "BSE"), and the National Stock Exchange of India Limited (the "NSE") whose online system will be available for Bidding by issuing a press release, and also by indicating the change on the website of the Company, Book Running Lead Manager (the "BRLM") and at the terminals of the Syndicate Members.

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

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10 per Equity Share and the Floor Price is [•] times of the face value and Cap Price is [•] times of the face value. The Price Band (as determined and justified by the BRLM as stated in the section titled "Basis of Issue Price" beginning on page no 65 of this Red Herring Prospectus) 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 Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (the "SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. **Specific attention of the investors is drawn to the section titled "Risk Factors" beginning on page no 11 of this Red Herring Prospectus.**

IPO GRADING

This Issue has been graded by ICRA and has been assigned a grade 2/5 indicating below average fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For further details, please refer to the section titled "General Information" beginning on page no 36 of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares of our Company offered pursuant to this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approval from the BSE and the NSE for the listing of our Equity Shares pursuant to their letters dated November 04, 2010 and December 31, 2010 respectively. For purposes of the Issue, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGER TO THE ISSUE



ASHIKA CAPITAL LIMITED
1008, 10th Floor, Raheja Centre,
214, Nariman Point, Mumbai - 400 021.
Tel: 91-22-6611 1700
Fax: 91-22-6611 1710
Email: vil.ipo@ashikagroup.com
Website: www.ashikagroup.com
Contact Person: Mr. Manish Gaur
SEBI Registration No: INM000010536



REGISTRAR TO THE ISSUE

LINK INTIME INDIA PVT LTD
C- 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup - West, Mumbai - 400 078.
Tel: 91-22-2596 0320
Fax: 91-22-2596 0329
Email: vil.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Chetan Shinde
Registration No: INR000004058

BID / ISSUE PROGRAMME

BID/ISSUE OPENS ON

April 29, 2011

BID/ISSUE CLOSES ON

May 03, 2011

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, 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 to include all amendments and modifications notified thereto.

General

Terms	Description
"We", "us", "our", "the Issuer", "the Company", "our Company" or "VIL"	Unless the context otherwise indicates or implies, refers to Vaswani Industries Limited, a Public Limited Company incorporated under the Companies Act, 1956.

Conventional / General Terms

Terms	Description
Act/ Companies Act	The Companies Act, 1956 as amended
Equity Shares	The Equity Shares of face value of Rs.10/- each of Vaswani Industries Limited
Indian GAAP	General Accepted Accounting Principles in India
RBI Act	The Reserve Bank of India Act, 1934
SEBI	Securities And Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Regulations / SEBI (ICDR) Regulations / SEBI (ICDR) Regulations 2009	Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended) called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Issue Related Terms

Terms	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful bidders
Allotment Advice	The advice or intimation of allotment of the equity shares sent to bidders who are to be allotted the equity shares after discovery of the issue price in accordance with the Book Building Process, including any revision thereof
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount (ASBA)	An application, whether physical or electronic, used by all Bidders to make a Bid authorising an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bidder	Prospective investors in this Issue who intend to Bid/apply through ASBA
ASBA Bid cum Application Form	The Bid cum Application Form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.
ASBA Bid Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s) pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock

Terms	Description
	Exchanges.
Banker(s) to the Issue /Escrow Collection Bank(s)	The Bank(s) which is/are clearing member and registered with SEBI as Bankers to the Issue with whom the escrow account will be opened, in this case being HDFC Bank Axis Bank, Dhanlaxmi Bank
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “ <i>Issue Procedure-Basis of Allotment</i> ” beginning on page no 206 of this Red Herring Prospectus
Bid(s)	An indication to make an offer during the Bidding/Issue Period by a Bidder pursuant to submission of Bid cum Application Form or by an ASBA Bidder pursuant to submission of ASBA Bid cum Application Form, as the case may be, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and in case of ASBA Bidders, the amount mentioned in the ASBA Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue
Bid /Issue Opening Date	The date on which the members of the Syndicate and SCSB's shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper where the Registered Office of our Company is situated
Bid/Issue Closing Date	The date after which the members of the Syndicate and SCSB's will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form by an ASBA Bidder (as applicable)
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Investor
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders and the ASBA Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI (ICDR) Regulations, 2009, in terms of which this Issue is being made
BRLM/Book Running Lead Manager/Book Runners	Book Running Lead Manager to this Issue, in this case being Ashika Capital Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation including any revisions thereof, sent to each successful Bidder indicating the Equity Shares allocated after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereto
Cut-off Price	Issue Price finalised by our Company in consultation with the BRLM, which shall be any price within the Price Band. Only Retail Individual Bidders, who's Bid Amount, does not exceed Rs. 2, 00,000. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Controlling Branches	Such branches of the SCSB which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available on www.sebi.gov.in
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of SCSB's which shall collect the ASBA Bid cum

Terms	Description
	Application Form used by the ASBA Bidders and a list of which is available on www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account or the amount blocked by the SCSB is transferred from the bank account of the Bidder, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Exchange	Stock Bombay Stock Exchange Limited
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus dated September 23, 2010 issued in accordance with Section 60B of the Companies Act and the SEBI Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Eligible NRI	NRI's from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	Equity shares of our Company of Rs. 10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated April 11, 2011 to be entered into by our Company, the Registrar to the Issue, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First Bidder / Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted, subject to any revision thereto
Indian National	As used in the context, a citizen of India's defined under the Indian Citizenship Act, 1955, as amended from time to time, who is not a NRI
IPO Grading Agency	ICRA, a credit rating agency registered with the SEBI, appointed by the company for grading this Issue.
Issue or Issue to the Public	The public issue of 1,00,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] each aggregating to Rs. [•] Lacs
Issue Period	The Issue period shall be April 29, 2011 being the Bid /Issue Opening Date to May 03, 2011 being Bid / Issue closing Date
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to the Company
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the QIB Portion or 2,50,000 Equity Shares shall be available for allocation for Mutual Funds only, out of the QIB Portion on a proportionate basis
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 200,000/- (but not including NRI's other than eligible NRI's)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue comprising of 15,00,000 Equity Shares of Rs. 10/- each available for allocation to Non-

Terms	Description
	Institutional Bidders on proportionate basis, subject to receipts of valid bids at or above the issue price
Non-Resident	A person resident outside India, as defined under FEMA and includes a non-resident Indian
OCB / Overseas Corporate Bodies	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRI's including overseas trusts, in which not less than 60% of beneficial irrevocably held by NRI's directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Securities by a Person resident outside India) Regulations, 2000. Overseas Corporate Bodies are not permitted to invest in this Issue.
Price Band	Price Band of a minimum price of Rs. [•] (Floor Price) and the maximum price of Rs. [•] (Cap Price) and include revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised, at least two Working Days prior to the Bid/ Issue Opening Date, in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation
Pricing Date	The date on which our Company in consultation with the Book Running Lead Manager finalises the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	An account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs from the accounts of the Bidders on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs. 25 Crores, pension fund with minimum corpus of Rs. 25 Crores and 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 and Insurance funds set up and managed by Army, Navy or Air Force of the Union of India, Insurance Funds set up and managed by the Department of Posts in India.
QIB Portion	The portion of the Issue being up to 50% of the Issue and comprising of up to 50,00,000 Equity Shares to be allocated on proportionate to QIBs, out of which 5% shall be available for allocation on proportionate basis to Mutual Funds
Refund Account(s)	The account opened with Escrow Collection Bank(s), from which refunds (excluding refunds to Bidders applied through ASBA), if any, of the whole or part of the Bid Amount shall be made
Refund Banker	HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Link Intime India Pvt Ltd, a company incorporated under the Companies Act and having its registered office at Mumbai.
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRI's) who have not Bid for Equity Shares for an amount more than Rs. 200,000 in any of the bidding options in the issue
Retail Portion	The portion of the Issue being not less than 35% of the Issue comprising of

Terms	Description
	not less than 35,00,000 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, excluding Bidders applying through ASBA, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus dated April 18, 2011 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the Issue price and the Price Band and which at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Stock Exchange(s)	Bombay Stock Exchange Limited and The National Stock Exchange of India Limited
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board
Syndicate Agreement	The agreement to be entered into between the Syndicate Members and our Company in relation to the collection of Bids in this Issue
Syndicate Member(s)	Ashika Capital Limited
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder, as proof of registration of the Bid
Underwriters	The Book Running Lead Manager and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	All days, other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Issuer Related Terms

Terms	Description
Articles / Articles of Association	Articles of Association of our Company, as amended
Auditors	The Statutory Auditors of our Company, M/s. Sunil Johri & Associates., Chartered Accountants
Board/Board of Directors	Board of Directors of our Company including a duly constituted committee thereof
Director(s)	Director(s) of Vaswani Industries Limited, unless otherwise specified
Key Management Personnel	Those individuals described in the section titled "Our Management-Key Management Personnel" beginning on page no 112 of this Red Herring Prospectus
Memorandum / Memorandum of Association	Memorandum of Association of our Company, as amended
Promoter(s)	Mr. Ravi Vaswani, Mr. Pramod Vaswani and Mr. Yashwant Vaswani
Promoter Group Entities/ Group Companies	The following are the Group Entities of our Company: Group Companies: 1. Cosmos Castings (India) Limited 2. Vaswani Ispat Limited 3. Vaswani Cement Limited 4. Shubh Infrastructures Limited 5. Vaswani Energy Limited 6. Kwaliti Iron Foundry (India) Limited 7. Elite Build home Limited 8. C.G. Ispat Pvt Limited

	Proprietorship Concern: 1. Kwaliti Foundry Industries HUF: 1. Ravi Vaswani HUF
Registered Office of our Company	MIG-4, Indrawati Colony, Raipur-492 001, Chhattisgarh

Industry Related Terms

Terms	Description
1 unit of power	1 kilo watt hour/1000 watt hour
1 Metric Ton	1000 kilograms
AC Technology	Alternating Current Technology
APDRP	Accelerated Power Development & Reform Program
AT&C Losses	Aggregate Technical & Commercial
ATA	Atmosphere Absolute
AVR	Automatic Voltage Regulator
CEA	Central Electricity Authority
Cooling tower	A piece of equipment which is used to cool water which has been heated in an air conditioning or other system. The cooling is done by letting the warm water fall through the air or by spraying it through air. Cooling water is re-circulated over and over, and water treatments are added in the cooling tower.
DRI	Direct Reduced Iron
Ejector	A jet pump used for suction of air / steam
EOT cranes	Electrical Overhead Travelling (EOT) crane used for the movement of heavy object within the building.
FBC Boiler	Fluidized Bed Combustion
Fe	Chemical Symbol for Iron
HVDC	High Voltage Direct Current
ID Fans	Induced Draught Fan
IPPs	Independent Power Producers
Kiln	A refractory lined cylindrical Vessel for Chemical reaction with heat exchange
Kwh	Kilowatt Hour
KV	Kilo Volts
MoP	Ministry of Power
MW	Mega Watt
MT/Hr	Metric Tonnes / Hour
PLL automatic system	Phase-Locked Loop (PLL) configured with integrated circuits for automatic control of System
RES	Renewable Energy Sources
RPM	Rotation per Minute
SEBs	State Electricity Boards
SMS	Steel Melting Shop
TPA	Tons Per Annum
TPH	Tons per Hour
TPD	Tons per Day
T&D	Transmission & Distribution
VDC	Volts Direct Current

Abbreviations

Terms	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
CSEB	Chhattisgarh State Electricity Board (With expression shall include any company/undertaking formed by CSEB)
DB	Designated Branch
DIN	Director Identification Number
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FI(s)	Financial Institution
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
INR / Rs / Rupees	Indian Rupees, the legal currency of the Republic of India
Income Tax Act / IT Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MODVAT	Modified Value Added Tax
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous not written off) and debit balance of

Terms	Description
	Profit and Loss Account, divided by weighted average number of equity shares outstanding during the year
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI / Non Resident Indian	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
POI	Person of Indian Origin
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RoC	The Registrar of Companies, Madhya Pradesh & Chhattisgarh, located at 3rd Floor, A' Block, Sanjay Complex, Jayendra Ganj, Gwalior – 474 009
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	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 Regulations / SEBI (ICDR) Regulations, 2009	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Sec	Section
Securities Act	US Securities Act, 1933, as amended
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
Stamp Act	The Indian Stamp Act, 1899
State Government	The Government of State(s) of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
TAN	Tax Deduction Account Number
TIN	Taxpayer Identification Number
UIN	Unique Identification Number
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
WDV	Written Down Value
w.e.f.	With effect from

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and included in this Red Herring Prospectus under the section titled “*Financial Statements*” beginning on page no 129. Unless stated otherwise, the operational data in this Red Herring Prospectus is presented on a basis and refers to the operations of our Company.

Our fiscal year commences on April 1 and ends on March 31 of the next year. All references to a particular fiscal year unless otherwise indicated, are to the 12 month period ended March 31 of that year. In this 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 US GAAP. Accordingly the degree to which the Indian GAAP financial statements included in the Drat 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 the Red Herring Prospectus should accordingly be limited. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management's Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP.

Currency of Presentation

All references to “Rupees” or “Rs” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to the word “Lakh” or “Lac” means “one Hundred thousand”; the word “Crore” means “one Hundred Lacs”. Throughout this Red Herring Prospectus, all figures have been expressed in Rupees, except when stated otherwise.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained or derived from Industry Publications, publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

Further, the extent to which the market and industry data used in the Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus includes certain forward looking statements with respect to our financial condition, results of operations and business. These forward-looking statements can generally be identified by the fact that they do not relate to any historical or current facts. Forward-looking statements often use words such as “aim”, “anticipate”, “believe”, “could”, “expect”, “estimate”, “intend”, “may”, “objective”, “plan”, “project”, “should”, “will”, “would”, or other words or phrases with similar meaning. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. By their nature, forward looking statements are subject to risk and uncertainty and there are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have businesses and our ability to respond to them, our ability to successfully implement strategy, growth and expansion of our business, technological changes, exposure to market risks, general economic and political conditions in India, which 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 laws, regulations and taxes and changes in competition in the industry.

For further discussions of factors that could cause our actual results to differ, please refer to the sections titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page no 11 and 150 of this Red Herring Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Book Running Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, the Company, the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange(s).

SECTION II: RISK FACTORS

An investment in equity or equity related securities involves a degree of financial risk. You should carefully consider all information in this Red Herring Prospectus, including the risks described below before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our business. Any of the following risks, as well as the other risks and uncertainties discussed in this Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline and may lose all or part of your investment in our Equity Shares. In addition, the risks set out by us in this Red Herring Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

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 risk factors described in this section.

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

Materiality:

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

- (i) Some events may not be material individually, but may be found material collectively.
- (ii) Some events may have material impact qualitatively instead of quantitatively.
- (iii) Some events may not be material at present but may have material impact in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. INTERNAL RISK FACTORS AND RISKS RELATED TO OUR COMPANY

1. *Our Company, Promoters/Directors and Group Entities are involved in certain legal proceedings which may incur certain liabilities if the cases are decided against them*

The Company, its Promoters/Directors and the Group Entities are involved in a few legal cases, including among others, tax and arbitration claims. Till date, it is believed that these cases are not material to the Company's business as a whole. However, in the event that all of the cases are decided against the Company, they could have a material adverse effect on the Company's financials.

The details of the legal proceedings are as under:

Involving the Company:

(Rs in Lacs)		
Nature of cases	Number of Cases	Approximate Amount Involved
Excise Tax Cases	5	420.19
Arbitration Case	1	3.22
ROC proceedings	1	Monetary claim not ascertainable
Civil case	1	24.81
Income Tax Case	1	1.01

Involving the Company's Promoters/Directors:

(Rs in Lacs)

Name of Promoter(s)/Director(s)	Nature of cases	Number of cases	Approximate Amount Involved
Mr. Pramod Vaswani and Mr. Ravi Vaswani	Excise Tax Case	1	10.00*

* Amount included in the cases involving the Company

Involving the Group Entities:

(Rs in Lacs)

Group Entity	Nature of cases	Number of cases	Approximate Amount Involved
Cosmos Castings (I) Limited	Service Tax Cases	2	5.23
	Excise Tax Cases*	4	134.96
	Income Tax Dispute	1	Monetary claim not ascertainable
	ROC proceedings	1	Monetary claim not ascertainable
Kwality Foundry Industries	Cenvat Credit Case	1	0.72
C G Ispat Pvt Limited	Cenvat Credit Case	1	134.00

* Mr. Ravi Vaswani, Director of Cosmos Castings (I) Limited is also a party to the proceedings. The monetary implication involved is Rs. 5.00 Lacs which has been included in above figure of Rs. 134.96Lacs.

The amounts claimed/ involved in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from the Company / its Directors. The aggregate maximum amount of liability that the Company may incur if all the cases were to go against it would be about Rs. 421.20Lacs.

For further details of outstanding litigation pending against the Company, its Promoters/Directors and Group Entities, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page no 159 of this Red Herring Prospectus.

2. We have certain contingent liabilities which have not been provided for and if any of them crystallizes, this could adversely affect our financial condition

As per our Audited Balance Sheet for 7 months period ended October 31, 2010 contingent liabilities of our Company are as follows:

(Rs. in Lacs)

Sr. No	Particulars	October 31, 2010	March 31, 2010
1	Sales Tax	3.59	3.59
2	Excise Duty	404.99	192.53
3	Income Tax	1.01	0.00

However, the Company has received a show cause notice dated 08.02.2011 (i.e. subsequent to the 7 months period ending on October 31, 2010) from the Additional Commissioner, Customs & Central Excise, Raipur calling upon the Company to show cause as to why an amount of approx. Rs. 7.60 Lacs should not be recovered from it and as to why penalty equivalent to the duty demanded (i.e. approx Rs. 7.60 Lacs) should not be imposed on it. Thus, the total contingent liability in relation to Excise Tax cases stands increased to approximately Rs. 420.19 Lacs. Further, the Company has settled the cases relating to sales tax/ entry tax by payment of the requisite amount to the department on December 2010. Therefore, the Company's total contingent liability works out to be approximately Rs. 421.20 Lacs. For further details in this regard, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page no 159 of this Red Herring Prospectus.

3. ***Our business is dependent on our continuing relationships with our customers, with whom we have not entered into long term arrangements. Any reduction or interruption in the business of key customers, or a substantial decrease in orders placed by a key customer may have an adverse impact on our revenues and operations***

We do not have long term arrangements obliging any of our key customers to purchase our products in the future, at the current prices or at all. There is no assurance that we will be able to maintain historic levels of business from the existing customers or to retain the existing customers, or that we will be able to replace our customer base in a timely manner or at all, in the event our existing customers do not continue to purchase products manufactured by us. The loss of, or interruption of work by, a significant customer or a number of significant customers may have an adverse effect on our revenues, cash flows and operations. The percentages of sales derived from top customers in last three fiscal years are given below:

Sr.No.	Name of the Customers	% of Sales		
		2009-2010	2008-2009	2007-2008
1.	Top 5 Customers	34.83%	59.53%	40.85%
2.	Top 10 Customers	45.57%	69.01%	59.73%

4. ***We have issued Equity Shares in the last twelve months, the price of which may be lower than Issue Price***

Our Company has issued following Equity Shares in last one year:

Date of Allotment	Name of the Allottee	No of Equity Shares	FV (Rs)	Issue Price (Rs)*	Nature of Allotment
January 18, 2010	Mr. Pramod Vaswani	6,46,660	10	45	Further Allotment to Promoter
January 18, 2010	Mr. Ravi Vaswani	8,00,000	10	45	Further Allotment to Promoter
January 18, 2010	Mr. Yashwant Vaswani	3,33,340	10	45	Further Allotment to Promoter
January 18, 2010	Mrs. Sudha Vaswani	2,20,000	10	45	Further Allotment to Promoter Group
March 26, 2010	Mr. Pramod Vaswani	1,12,000	10	45	Further Allotment to Promoter
March 26, 2010	Mr. Yashwant Vaswani	1,12,500	10	45	Further Allotment to Promoter

* The price at which the above equity shares are issued may be less than the IPO Price. The price at which the Equity Shares were being issued in last twelve months is not indicative of the price which may be offered in the issue. For Further details of equity shares issued, please refer to the section titled "Capital Structure" beginning on page no 45 of the Red Herring Prospectus.

5. ***Our Company has a negative cash flow in the past 5 years and for 7 months period ended October 31, 2010, details of which are given below. Sustained negative cash flow could impact our growth and business***

We had negative cash flows from our operating activities, investing activities as well as financing activities in the previous years as per our Restated Financial Statements and the same are summarised as under:

(Rs in Lacs)

Particulars	Period ended Oct' 2010	2010	2009	2008	2007	2006
Net Cash from Operating Activities	204.52	1684.07	1651.51	271.23	(673.51)	(319.14)
Net Cash used in Investing Activities	(1280.70)	(2641.32)	(230.94)	(1887.60)	(2039.81)	(908.40)

Net Cash Receipt/ Used in Financing Activities	1004.39	1047.16	(1445.31)	1211.13	3140.79	1231.98
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Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to “Annexure III Statement of Standalone Cash Flows, as restated” forming part of the chapter titled “Auditors’ Report-Statement of Standalone Cash Flows, as restated” beginning on page no 133 of this Red Herring Prospectus.

6. We do not own registered trademark “”. Our inability or failure to protect our trademark may adversely affect our business on account of possible misuse by any third party

Currently, we do not have registered trademarks under the Trade Marks Act, 1999, and consequently we do not enjoy the statutory protections accorded to a trademark registered in India. We have on June 17, 2010, made four applications under Class 6, 35, 39 & 40 to the Trade Marks Registry, Mumbai to get our trademarks registered under the Trade Marks Act. However, until our name is entered on the trademark register, we cannot prohibit the use of such trademarks by third parties by means of statutory protection. In the event of our trademark are subject to any challenge or there is a delay in registration, our business and results of operations may be affected adversely.

For further details relating to the trademark applications, please refer to the section titled “Government and other Statutory Approvals” beginning on page no 165 of this Red Herring Prospectus.

7. Delays associated with the collection of receivables and/or Loans & Advances from our clients may adversely affect our business and results of our operations. Further, Sundry Debtors/Receivables and Loans & Advances are subject to confirmation and reconciliation

There may be delays associated with the collection of receivables and/or Loans & Advances from our clients, including government owned, controlled or funded entities and related parties. Significant proportion of our sales is on credit, which always carries a business risk of any receivable turning bad.

We have Rs. 1159.07 Lacs as receivables from debtors for 7 months period ended October 31, 2010 that constituted around 16.77% of the total revenue of Rs 6911.47 for 7 months period ended October 31, 2010. Out of the total receivables from debtors, Rs 128.85 Lacs are for the period exceeding 6 months and Rs 1030.22 Lacs are for less than six months. Also, Loans & Advances aggregating to Rs 1940.80 Lacs is receivable for 7 months period ended October 31, 2010, which constituted around 28.08% of the total revenue.

Our operations involve significant working capital requirements and delayed collection of receivables and/or Loans & Advances could adversely affect our liquidity and results of operations. In addition, we may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned, controlled or funded entities. Further, the balances are subject to confirmation and reconciliation if any from our debtors and the recipient of Loans & Advances.

8. Significant increase in prices or shortage of raw materials and finished goods could impact the results of operations and financial position of Our Company

In the recent past, there have been fluctuations in the prices of critical raw materials such as iron ore, dolomite, coal etc. and finished products both at domestic and international levels. Such fluctuations in prices of raw material and finished products and/or our inability to negotiate at optimum market rates may affect our profitability.

Steel industry being a raw material intensive industry, our Company is constantly exposed to possible unpredictability in the supply of raw materials. Disruption in the supply of raw material may lead to hampering of the production process flow. Uncertainty over availability of raw materials such as iron

ore, coal and other resources such as water, power and skilled manpower etc. may also affect our Company's operations and in turn the profitability of our Company.

9. *Our Promoters has interests in our company other than reimbursement of expenses incurred or normal remuneration or normal benefits*

Our promoters are deemed to be interested to the extent of Rs. 279.72 Lacs outstanding as on October 31, 2010 towards unsecured loan given to the company.

Particulars	Terms and Conditions
Rate of Interest	4%
Security	Unsecured
Tenure	Repayable on Demand

10. *There are certain restrictive covenants in the loan agreements entered into by our Company which could influence the Company's ability to expand, in turn affecting its business and results of operations*

The Company has entered into loan agreements with Union Bank of India and State Bank of India for financial assistance. The Company is subject to certain restrictive covenants of loan agreements entered into with their bankers. These restrictive covenants require the Company to obtain a prior permission of the banks for various activities, including inter alia, effecting any change in the Company's capital structure; implementing any scheme of expansion / acquisition of any fixed assets; formulating a scheme of amalgamation or reconstruction; making any drastic changes in the Company's management set-up. Future plans of the Company may get adversely affected if the Company in future desires to go for any of the aforementioned activities and the Banks' approval is either unreasonably delayed or refused altogether. For details on the secured loans and the restrictive covenants, please refer to the section titled "Financial Indebtedness" beginning on page no 158 of this Red Herring Prospectus.

11. *We have entered into certain Related Party Transactions for an amount of Rs 3809.21 Lacs for the year ended March 31, 2010 and Rs 3318.66 Lacs for the period ended October 31, 2010 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*

During the course of our business, we have entered into certain related party transactions with related parties for an amount of Rs 3809.21 Lacs for the period ended March 31, 2010 and Rs 3318.66 Lacs for the period ended October 31, 2010. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have obtained more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details related to such transactions refer to section titled "Auditors' Report-Related Party Transactions" on page no 141 of this Red Herring Prospectus.

12. *The Company's Power Purchase Agreement (PPA) with Chhattisgarh State Electricity Board ("CSEB") or any other PPA that the Company may enter into in the future may expose the Company to certain risks that may affect the Company's future results of operations*

The Company's profitability in its power business will largely be a function of its ability to manage its costs during the terms of its PPAs and operate its power projects at optimal levels. If the Company is unable to manage its costs effectively or operate its power projects at optimal levels, its business prospects, financial condition and results of operations may be adversely affected. In the event, the Company defaults in fulfilling its obligations under its PPA with CSEB or under any other PPA that the Company will enter into in the future, it may be liable to penalties including termination of such PPAs.

The Company also expects to enter into short term PPAs, which may create additional variability in its revenues and could expose its business to risks of market fluctuations in demand and price for power. To the extent tariffs are market driven, the price at which the Company sells power may have

little or no relationship to its cost of supplying power. In case of regulated tariffs, unless a regulator agrees, the Company may be limited in its ability to pass on the increased production costs to a customer. In PPAs with government entities, the Company may also face difficulties in enforcing the payment provisions, as compared to PPAs, that the Company may have with the private entities.

13. *The Company's operations involve hiring of contract labour, which involves compliance with various applicable regulations the non-compliance of which may have financial implications*

In order to retain flexibility and keep fixed overhead to the minimum, in line with industry practice, the Company at times may appoint contractors who in turn engage on-site contract labour for performance of low skill operations. From a regulatory perspective, the Company may face the risk that on an application made by the contract labourers, the appropriate court / tribunal may direct the Company that the contract labourers be regularized or absorbed, and / or that the Company pays certain contributions in this regard that can adversely impact financial performance of the Company.

14. *The Company's business requires a number of statutory and regulatory permits and licenses as required to operate its business and any delay or inability to obtain or renew the same in a timely manner may have an adverse impact on its business*

Being a manufacturing organisation, the Company requires several statutory and regulatory permits, licenses, registrations and approvals to carry on its business. Such approvals and licences are typically subject to conditions, some of which could be onerous and requiring the Company to make substantial expenditures. Many of these approvals/ licences are granted for a fixed period of time and need renewal from time to time. The Company is required to renew such permits, licenses and approvals periodically. The Company is also required to procure approval of the competent authority for use of land for industrial purposes. While the Company has procured in principal approval for the use of land admeasuring 5.075 hectares for industrial purposes from the Town Planning and Development Authority, Raipur (on which the Company's plant, machinery and equipment are situated), however, it is yet to procure permission for industrial use of land admeasuring 16.494 hectares from the revenue department for future plans. There can be no assurance that the relevant authorities will issue such permits or approvals to the Company or that they will issue in time. Failure to obtain or retain any of the required approvals or licences, or failure to comply with the conditions stipulated therein could have adverse effect on the Company's business and future plans.

For further details please refer to the section titled "Government and Other Statutory Approvals and Licensing Arrangements" beginning on page no 165 of this Red Herring Prospectus.

15. *Our operations are subject to high working capital requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations*

Our business requires a significant amount of working capital. Most of our contracts provide for progress payments. Our working capital requirements may increase if, in certain contracts, payment terms include reduced advance payments or payment schedules that specify payment which are less favourable to us. Delays in progress payments or release of retention money or guarantees in form of letters of credit from our clients may increase our funds required for working capital. If a client defaults in making its payments on a project to which we have deployed significant resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. There can be no assurance that the progress payments and the retention money will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such delayed payment. All of these factors may result, in increases in the amount of our receivables and short-term borrowings. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

16. *The Company is yet to execute the registered Sale Deed with its Promoter for purchase of its Registered Office*

The Company's registered office from which it operates is owned by its Promoter, Mr. Pramod Vaswani. The plot of land had originally been purchased by Mr. Pramod Vaswani from Steel Abrasive

Industries Limited to enable the Company to undertake business activities. The Company has utilized its own funds and resources to develop and construct the building on the said plot of land which is being currently used by the Company to carry on its business. Mr. Pramod Vaswani has by an Agreement of sale dated April 20, 2010, agreed to sell the said plot of land in favour of the Company for a consideration of Rs. 20,00,000/- to be paid through 4 instalments on or before November 30, 2010 and on other terms and conditions set out in the Agreement to Sell. The company vide its letter dated October 01, 2010 has sought extension from Mr. Pramod Vaswani for making the aforesaid instalment payments by November 30, 2011. To which Mr. Pramod Vaswani has accorded his acceptance. Failure on the part of either party to fulfill its commitment under the Agreement could have a material adverse effect on the Company's business and operations.

17. *The insurance cover may not adequately protect the Company against all material hazards*

The Company has obtained various insurance policies covering stocks, building, furniture, plant and machinery, etc. for total insured amount of Rs. 36.65 Crores and Workmen's Compensation (General) Policy for insured amount of Rs. 55.00 lacs, details whereof are disclosed beginning on page no 92 of this Red Herring Prospectus. It is believed that the Company has insured itself against the majority of the risks associated with their business. The significant insurance policies provide cover for risks relating to physical loss or damage to the Company's assets. In addition the Company has obtained separate insurance coverage for personnel related risks for some of their personnel. While it is believed that the policies the Company maintains would reasonably be adequate to cover all normal risks associated with its operation of business, there can be no assurance that any claim under the insurance policies maintained by it will be honoured fully, in part or on time, or that it has obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that the Company suffers loss or damage for events for which it is not insured or for which its insurance is inadequate, the loss would have to be borne by the Company, and, as a result, the results of its operations and financial condition could be adversely affected.

18. *Any loss of or breakdown of our machineries, at any of our manufacturing facilities may have an adverse effect on our business, financial condition and results of operations*

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives of relevant government authorities. Although we have not had such occurrences in the past, the occurrence of such incidents in future is not ruled out and these risks could significantly affect our operating results. Although, we have taken precautions to minimize the risks of any significant operational issues at our manufacturing facilities, our business and operations may be adversely affected by any disruption of operations at manufacturing facilities.

19. *Employee health, safety and regulatory measures are very important in our industry; any negligence in this regard can adversely affect our performance*

Our manufacturing process involves certain processes which may pose as a health hazard to our employees. Although we attempt to mitigate our liability by taking precautionary measures for our employees' welfare and availing of insurance, we cannot assure that these measures would prove adequate to mitigate the losses which may be caused by any negligence in this regard, and the same can adversely affect our performance.

20. *The deployment of the Issue Proceeds is entirely at the discretion of the Management/ Company and no independent agency has been appointed to monitor its deployment*

As per the SEBI (ICDR) 2009, monitoring agency to monitor the utilisation of funds is required to be appointed only if the issue size exceeds Rs. 500 Crores. The Company's Board of Directors will monitor the utilisation of the proceeds of the issue as the issue size is below Rs. 500 Crores. The requirement of funds for meeting the objects of this Issue have not been appraised by any bank or financial institution and are based on internal estimates of the Company's management. If the Company's Board of Directors do not diligently monitor the utilisation of proceeds or the proceeds are not utilized for the purposes stated in the offer document for any reason whatsoever, then the Company's business or operations may be adversely affected.

21. *Environmental problems could adversely affect the Company's projects and its performance*

The Company is required to conduct an environmental assessment for some of its projects before receiving regulatory approval for these projects. These environmental assessments may reveal material environmental problems, which could result in the Company not obtaining the required approvals. Additionally, if environmental problems are discovered during or after the development of a project, the Company may incur substantial liabilities relating to cleanup and other remedial measures, which would eventually lead in delay of the projects.

22. *Increased competition may result in lowering of our product prices or a decreased market share for our products. Our failure to effectively compete may reduce our profitability*

We experience competition across markets for our products from domestic and international players. We compete with other Sponge Iron manufacturers on the basis of availability of technology, product, and product range, product traits, quality and other factors as well as based on price, reputation, customer service and customer convenience. Our failure to compete effectively may decrease, or prevent us from increasing our market share and reduce our profitability.

23. *We may be subject to industrial unrest, slowdowns and increased labour costs. In the event of any industrial unrest, slowdowns or increase in labour cost, our operations and financial condition may be materially and adversely impacted*

Presently, our Company has approximately 211 permanent employees. In addition, we hire contract labour on our project sites to meet our project requirements. While we believe that we maintain good relationships with our employees and contract labour, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may materially and adversely affect our business and results of operations. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although our employees are not currently unionised, we cannot assure that they will not unionise in the future. If some or all of our employees unionise or if we experience unrest or slowdowns, it may become difficult for us to maintain flexible labour policies and we may experience increased wage costs and employee numbers. We also depend on third party contractors for the provisions of various services associated with our business. Such third party contractors and their employees/workmen may also be subject to these labour legislations. Any industrial unrest, slowdowns which our third party contractors may experience could disrupt the provision of services to us and may materially and adversely impact our operations and financial condition.

24. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments*

In the recent years, our industry has experienced advancement in technology and sophistication in production process. Modernisation and technology upgradation is essential to reduce costs and to increase the output. Although we strive to keep our technology, plant and machinery in line with the latest technological standards, we may be required to implement new technology or upgrade or retrofit the machineries employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries involve substantial costs which could substantially affect our finances and operations.

B. RISKS RELATED TO OUR PROJECT

25. *Our funding requirements and the deployment of the proceeds of the Issue are based on Management estimates and have not been independently appraised. Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our operations, our expected earnings and revenues.*

Our funding requirements and the deployment of the 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, which may have a bearing on our expected revenues and earnings.

26. *The deployment of the Issue Proceeds is entirely at the discretion of the Management/ Company and no independent agency has been appointed to monitor its deployment*

As per the SEBI (ICDR) 2009, monitoring agency to monitor the utilisation of funds is required to be appointed only if the issue size exceeds Rs. 500 Crores. The Company's Board of Directors will monitor the utilisation of the proceeds of the issue as the issue size is below Rs. 500 Crores. The requirement of funds for meeting the objects of this Issue have not been appraised by any bank or financial institution and are based on internal estimates of the Company's management. If the Company's Board of Directors do not diligently monitor the utilisation of proceeds or the proceeds are not utilized for the purposes stated in the offer document for any reason whatsoever, then the Company's business or operations may be adversely affected.

C. EXTERNAL RISK FACTORS

27. *Political instability or changes in the Indian central government could adversely affect our business*

We are incorporated in India, derive our revenues from operations in India and all of our assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The central government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. The current government has announced that its general intention is to continue India's current economic and financial sector liberalization and deregulation policies.

However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could have a material adverse effect on our business, results of operations, financial condition and prospects

28. *Economic slowdown may affect our ability to do business, increase our costs and negatively affect our stock price*

The overall demand for ink in India is closely linked to macro parameters like GDP growth, increase in literacy rates, increased consumerism and increase in population. Any slowdown in growth or adverse impact on any or all of the above factors in India or globally, may have an adverse impact on the demand for the Company's products and therefore on its growth potential.

29. *Consolidation driven competition may have an adverse impact on the profitability of the company*

Consolidation of capacities or other strategic or contracting arrangements between other players in the domestic ink market, or entry of resourceful international competition into the domestic market could significantly alter the competitive landscape of the domestic ink industry and could have an adverse impact on the Company's business.

30. *Natural calamities could have a negative effect on the Indian economy and adversely affect Our Company's business*

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during Fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in

2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our Company's business and the price of its Equity Shares.

31. *Any change or increase in taxes, levies etc. may lead to higher input cost and therefore may have an impact on the profitability of our company*

Any increase taxes and/or levies, or the imposition of new taxes and/or levies in the future, may have a material adverse impact on our business results of operations and financial condition.

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

The Issue Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors (For further information please refer to the section titled "Basis for Issue Price" beginning on page no 65 of the Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sale your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

33. *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 Exchange*

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

34. *Terrorist attacks, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets in which we operate our business and therefore, our profitability*

Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition. Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. In recent times, terrorist attacks in India have become more prevalent. Such attacks may have a material adverse effect on the Indian and global financial markets. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

Prominent Notes:

- 1) Investors may contact the BRLM who have submitted the Due Diligence Certificate to the Board for any complaint/clarification/information pertaining to the issue. All grievances relating to ASBA process may be addressed to the Registrar to the Public Issue, with a copy to the relevant SCSB, giving full

details such as Name, Address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Form has been submitted by the ASBA Bidder. For contact details of the BRLM, please refer to the section titled “General Information” beginning on page no 36 of this Red Herring Prospectus.

- 2) Issue of 1, 00, 00,000 Equity Shares of Rs 10/- each for cash at a price of Rs [•] per Equity Share aggregating to Rs [•] Lacs (hereinafter referred to as “The Issue” or “Issue to the Public”). The Issue would constitute 42.57% of the fully diluted Post Issue Paid-Up capital of our Company.
- 3) The Pre-Issue Net Worth of our company as on October 31, 2010 is Rs 4228.75 Lacs and Rs. 3964.16 Lacs as on March 31, 2010 as per our Restated Financials Statements.
- 4) The Book Value per Equity Share (of Face Value of Rs 10/- each) of our company as on October 31, 2010 is Rs 31.35 and as on March 31, 2010 is Rs. 29.38 as per our Restated Financials Statements.
- 5) The average cost of acquisition of Equity Shares for the promoters are as under:

Sr. No.	Name of the Promoter	Average Cost Per Share (Rs)
1	Mr. Ravi Vaswani	16.97
2	Mr. Pramod Vaswani	14.49
3	Mr. Yashwant Vaswani	10.51

- 6) Our company has entered into Related Party Transactions aggregating to Rs 3809.21 Lacs for the fiscal year ending March 31, 2010 and Rs 3318.66 Lacs for the period ending October 31, 2010 respectively. As per Restated Audited Financial Statements. For further details of Related Party Transaction, please refer to “Annexure VI” under the section titled “Auditors Report-Related Party Transaction” on page no 141 of this Red Herring Prospectus.
- 7) There are no financing arrangements, directly or indirectly, whereby the Promoters, Promoter Group or the Directors of our company and/ or their relatives financed the purchase by any other person of securities of the Company during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with SEBI.
- 8) Our company has not issued any shares for consideration other than cash.
- 9) Trading in equity shares of our Company for all the Investors shall be in dematerialised form only.
- 10) Our Company has Contingent Liabilities aggregating to Rs 196.12 Lacs for the fiscal year ending March 31, 2010 and Rs 409.59 Lacs for the period ending October 31, 2010 respectively. For further details on Contingent Liabilities, please refer to “Annexure VIII” under the section titled “Auditors Report-Contingent Liabilities” on page no 143 this Red Herring Prospectus.
- 11) For details of lien and hypothecation of immoveable and immoveable properties and assets of our company, please refer to the section titled “Auditors Report” beginning on page no 129 in this Red Herring Prospectus.
- 12) All information shall be made available by the BRLM and our Company to the public and Investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- 13) Investors are advised to refer to the section on “Basis for Issue Price” beginning on page no 65 of this Red Herring Prospectus before making an investment in this Issue.
- 14) Investors are advised to go through the section on “Basis of Allotment” beginning on page no 206 of this Red Herring Prospectus.
- 15) This Issue is being made through 100% Book Building Process wherein up to 50% of the Issue to the Public will be available for allotment to Qualified Institutional Buyers (“QIB”) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allotment to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Funds Bidders shall

also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

- 16) 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 and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
- 17) In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the section titled "*Issue Procedure*" beginning on page no 187 of this Red Herring Prospectus.
- 18) Our Company and the BRLM will update the Offer Document in accordance with the Companies Act and the SEBI (ICDR) Regulations, 2009 and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.
- 19) Our Company has Loans & Advances aggregating to Rs 2157.83 Lacs for the fiscal year ending March 31, 2010 and Rs 1940.84 Lacs for the period ending October 31, 2010 respectively. For further details on Loans & Advances, please refer to "*Annexure XIV*" under the section titled "*Auditors Report-Schedule of Loans & Advances*" on beginning on page no 146 of this Red Herring Prospectus.
- 20) There has been no change in the name of the company during the last three years.
- 21) No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, associate or Group Company.

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

Unless otherwise indicated, 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 BRLM 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 Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

Sponge Iron Industry in India

India is the largest producer of sponge iron in the world with total production in the last year, i.e. 2009 being 20.96 million tons. This implies almost 30% growth in production from previous year, i.e. 2007, where production was 16.27 million tons. The major factors for the growth of the Sponge Iron Industry has been the availability of iron ore and non-coking coal – inputs used in its manufacture and the demand for steel in the country.

(Source: Ministry of Steel, Annual Report 2009-2010)

Sponge iron, also called Direct-Reduced Iron (DRI), is produced from direct reduction of iron ore (in the form of lumps, pellets or fines) by reducing gas produced from natural gas or coal. The reducing gas is a mixture majority of Hydrogen (H₂) and Carbon Monoxide (CO) which acts as reducing agent. This process of directly reducing the iron ore in solid form by reducing gases is called direct reduction.

Sponge iron is used in the manufacture of steel. Its significance has increased in recent times due to capital intensive nature of other steel – making methods. Not only is the cost of setting up steel plant with blast furnace very high, these plants have high power consumption. Even in sponge iron route, it is more economical to put up coal-based sponge iron units and not gas-based units. India has an estimated of 200 sponge – iron units, of which more than 100 are coal – based units

Sponge Iron Production over recent periods shows the difference between coal – based & gas – based units.

Indian Sponge Iron Production 4 Quarters 2009-2010

(Tons)					
	1 st Qtr (Apr – Jun)	2 nd Qtr (Jul – Sep)	3 rd Qtr (Oct – Dec)	4 th Qtr (Jan-Mar)	Total (Apr – Mar)
Gas based –	1590753	1454317	1554751	1572392	6172213
Coal based –	4161349	4097387	4203572	4359051	16821359
Total	5752102	5551704	5758323	5931443	22993572

(Source: Sponge Iron Manufacturers Association, FY 2009-2010)

As the financial crisis hit the global economy, the Direct Reduction Industry was hit as hard as other sectors. Nonetheless, due to the fact that the downturn only occurred in the final months of the year and in that, production earlier in the year was at record levels, the overall global production of DRI in 2008 slightly exceeded the previous maximum, by about 2%. Even here India led all nations, making 21.2 million tons. The next five in order were Iran at 7.5 million tons, Venezuela at 6.9 million tons, Mexico at 6.0 million tons, Saudi Arabia at 5.0 million tons and Russia at 4.6 million tons.

(Source: Ministry of Steel, Annual Report, 2009-2010 & World Steel Association, Statistical Archive)

Within wide-spread fear of capacity reduction with the closure of many unviable small units the industry maintained its growth till October, 2008. Though the slow down prospect cannot be defied, the growth of the industry is expected to remain robust in the coming future.

Price Scenario in India

Though the Sponge Iron Industry managed to keep shore in the turbulence of the financial crisis, its price was severely hit. The main reason for Sponge industry to remain stable even in falling prices was the low availability of indigenous steel & ferrous scrap worldwide. In the search of low cost alternative raw material, the sponge iron came out strong as the beneficial alternative, for which technical complicity was negligible and thus within a short time took over the majority share of metallic pool resources for large scale usage in producing steel in small to medium scale producing through Induction or Arc furnace route. The demand for steel in the last decade and the low capital intensity of sponge iron industry fuelled the scorching pace of growth for the industry. India has a major presence in the Sponge Iron production as compared to Scrap & Indian producers cashed on this advantage.

(Source: *Sponge Iron Manufacturers Association*)

As Global economy prepares for a revival, 2009 saw prices of coal based sponge iron in May 2009 increase across Indian markets. Prices were highest in the Delhi market @ Rs.17, 000 per ton and lowest in the Chennai market @ Rs.14, 560 per ton.

Indian Sponge Iron Industry in a Global Perspective

India, in the area of Sponge Iron, needs an industry-wise consolidation. Consolidation of the industry will help the industry in the long run. Steel manufacturers are the major consumers of sponge iron, with a growing significance of the secondary steel manufacturers. The primary steel manufacturers produce about 30 million ton of steel per annum while the secondary steel producers in all across the country also manufacture equal quantity of steel based products.

With the growth in steel industry and more growth expected in the secondary sector faster as those are less capital intensive and with lower level of technical intricacies. Last few years India registered higher demand growth compared to the capacity growth and with the overall growth of Indian economy the growth of steel industry expected to remain unabated. Demand of sponge iron is synonymous with the secondary steel industry subjected to other factors remaining same and hence industry should logically be quite optimistic.

India has maintained highest production share in the world DRI industry even in times of recent turmoil.

Comparison of Sponge Iron Production

	Dec'08	Dec'09	Change	Jan – Dec 08	Jan – Dec 09	Change
World Production	3803	4902	28.90%	56767	53562	-5.64%
India Production	1700	1815	6.76%	20150	21035	4.39%
India's % Share	44.70%	37.03%		35.50%	39.27%	

(In '000 tons)

(Source: *World Steel Association, Statistical Archive*)

Last year, the Sponge Iron or DRI production amongst the top producers is recorded in the below table. India is way ahead in production of DRI than compared to other producers of it in the world.

Top 10 DRI Production Apr – Mar 2009-10

Country	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
India	1740	1800	1750	1810	1750	1700	1760	1756	1815	1722	1691	1718
Iran	748	719	704	681	609	630	650	630	640	755	746	725
Venezuela	520	540	520	367	365	452	440	475	474	475	465	380
Saudi Arabia	383	433	448	448	320	453	445	440	451	452	344	467
Mexico	275	394	359	375	249	295	463	450	450	425	443	490
Qatar	122	184	180	190	190	185	190	185	190	67	159	180
South Africa	100	110	105	110	110	146	150	145	150	155	140	155
Trinidad & Tobago	50	93	88	95	135	150	123	129	126	160	161	180
Libya	85	38	95	96	98	144	61	136	140	150	107	124
Argentina	79	50	46	24	3	72	138	115	137	151	130	161
Canada	18	-	-	-	-	30	56	58	58	59	49	53

Country	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Peru	10	10	10	8	6	6	6	7	9	9	8	10

(Source: International Iron & Steel Institute)

Future of Indian Sponge Industry

The future for the Indian Sponge Industry is expected to be good and experts predict Sponge Iron the next biggest raw material for Steel. National Steel Policy issued by the Ministry of Steel forecasts DRI requirement in 2010-11 to about 18 million tons and expects the requirement to reach 30 million tons by 2020.

The prospects also look good as the main raw material for Sponge Iron, Iron Ore, is currently not facing any shortages in reserves. However, experts believe that to sustain this growth, Indian Sponge Industry should concentrate on installing and running pollution control equipment meeting the ecological norms.

POWER INDUSTRY

Indian Power Industry

The Indian economy is growing at one of the fastest rates in the world. This leads to a high demand for additional power. With this growing demand, there is ample scope for power sector in India to grow to new heights. India's demand for energy has grown at an average of 3.6% per annum over the past 30 years.

However, the main problem in India is that power consumption rate is growing at faster rate than the power generation capacity. In the five years to March 2007, India added 21,080 megawatts of electricity-generating capacity, compared with a government target of 41,110 megawatts for that period. The need of the hour for India is greater private investments in the electricity sector, without which meeting power requirement targets would be difficult. With the recently concluded nuclear pact between USA and India, on the heels of a civilian nuclear deal between India and France, more foreign investment in India's energy sector is expected.

The below mentioned statistics show the current trends in Indian power sector.

Installed Power Generation Capacity (As on 31-03-2010) (Sector-Wise)

All India	Thermal				Nuclear	Hydro	RES (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	84198.38	17055.85	1199.75	102453.98	4560.0	36863.4	15521.1	159398.49
%age	52.8	10.7	0.8	64.3	2.9	23.1	9.7	100

(Source: Central Electricity Authority Report, March 2010)

In India, Power Generation is divided under divisional heads, namely, State Department, Central Department and the Private Sector. Total power generation installed capacity in terms of different divisions is shown in the table below:

Installed Power Generation Capacity (As on 30-03-2010) (Division-Wise)

Division	MW	(MW)
State Department	79391.85	49.8
Central Department	50992.63	32.0
Private Sector	29014.1	18.2
Total	159398.49	100

(Source: Central Electricity Authority Report, Jan, 2010)

The Central Electricity Authority (CEA) periodically estimates the power requirement in the country. With the growing population, Industries and thus growing demand for electricity, the CEA has set a target for capacity addition to be achieved in the 11th Economic Plan.

Capacity Addition Target 11th Plan

(MW)

Type/Sector	Central	State	Private	Total
Thermal	24840	23301	11552	59693
Hydro	8654	3482	3491	15627
Nuclear	3380	0	0	3380
Total	36874	26783	15043	78700

(Source: Central Electricity Authority Report, Jan 2010)

Such Targets were set up in the past too by CEA and the table below shows the targets set & simultaneously achieved during the period of Apr-Mar 2009 & Apr-Mar 2010.

Capacity Addition Achieved in 2009 & 2010

(MW)

	Apr-Mar 2009		Deviation	Apr-Mar 2010		Deviation
	Target	Achieved		Target	Achieved	
Thermal	9304.2	2484.7	-6819.5	13002.0	9106.0	-3896.0
Hydro	1097.0	969.0	-128.0	845.0	39.0	-806.0
Nuclear	660.0	0.0	-660.0	660.0	440.0	-220.0
RES	0.0	0.0	0.0	0.0	0.0	0.0
Total	11061.2	3453.7	-7607.5	14507.0	9585.0	-4922.0

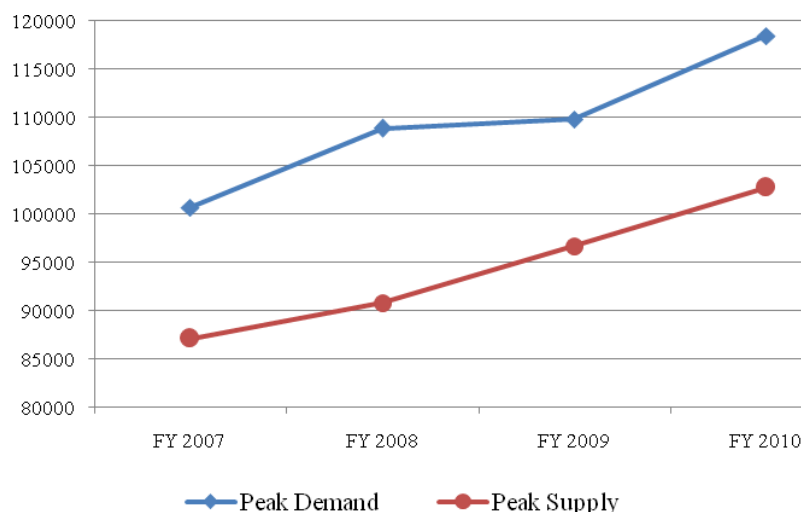
(Source: Central Electricity Authority Report, 2009 & 2010)

As seen from the table, target realization has been much enhanced in the current year as compared to 2008. While the installed power generation capacity of India in December 2009 stood at 156,092 MW, the per capita power consumption in FY 2007-08 stood at approximately 717 kW.

(Source: Central Electricity Authority, 17th Electric Power Survey of India)

About 65% of the electricity consumed in India is generated by thermal power plants, 24% by hydro-electric power plants and 3% by nuclear power plants. More than 50% of India's commercial energy demand is met through the country's vast coal reserves. India has invested heavily in recent years on renewable sources of energy such as wind energy. As of 2008, India's installed wind power generation capacity stood at 9,655 MW. Additionally, India has committed massive amount of funds for the construction of various nuclear reactors which would generate at least 30,000 MW. In July 2009, India unveiled a \$19 billion plan to produce 20,000 MW of solar power by 2020. These targets and investments are required as ministry of Power has estimated the demand for electricity to reach 400,000 by 2020 and 950,000 MW by 2030.

Power Demand – Supply Gap



(Source: Central Electricity Authority Report, March 2007, 2008, 2009, 2010)

While the predominant technology for electricity transmission and distribution has been Alternating Current (AC) technology, High Voltage Direct Current (HVDC) technology has also been used for interconnection of all regional grids across the country and for bulk transmission of power over long distances.

Certain provisions in the Electricity Act 2003 such as open access to the transmission and distribution network, recognition of power trading as a distinct activity, the liberal definition of a captive generating plant and provision for supply in rural areas are expected to introduce and encourage competition in the electricity sector. It is expected that all the above measures on the generation, transmission and distribution front would result in formation of a robust electricity grid in the country.

Apart from an extensive transmission system network at 500kV HVDC, 400kV, 220kV, 132kV and 66kV which have been developed to transmit the power from generating station to the grid substations, a vast network of sub transmission in distribution system has also come up for utilisation of the power by the ultimate consumers.

However, due to lack of adequate investment on T&D works, the T&D losses have been consistently on higher side, and reached to the level of 26.91% in the year 2007-08. The reduction of these losses was essential to bring economic viability to the State Utilities.

As the T&D loss was not able to capture all the losses in the network, concept of Aggregate Technical and Commercial (AT&C) loss was introduced. AT&C loss captures technical as well as commercial losses in the network and is a true indicator of total losses in the system. High technical losses in the system are primarily due to inadequate investments over the years for system improvement works, which has resulted in unplanned extensions of the distribution lines, overloading of the system elements like transformers and conductors, and lack of adequate reactive power support.

The commercial losses are mainly due to low metering efficiency, theft & pilferages. This may be eliminated by improving metering efficiency, proper energy accounting & auditing and improved billing & collection efficiency. Fixing of accountability of the personnel / feeder managers may help considerably in reduction of AT&C loss.

With the initiative of the Government of India and of the States, the Accelerated Power Development & Reform Program (APDRP) was launched in 2001, for the strengthening of Sub – Transmission and Distribution network and reduction in AT&C losses.

The main objective of the program was to bring Aggregate Technical & Commercial (AT&C) losses below 15% in five years in urban and in high-density areas. The program, along with other initiatives of the Government of India and of the States, has led to reduction in the overall AT&C loss from 38.86% in 2001-02 to 32.07% in 2006-07. The APDRP program is being restructured by the Government of India, so that the desired level of 15% AT&C loss could be achieved by the end of 11th plan.

(Source: Central Electricity Authority Report, 2009)

Indian Power Sector in a Global Perspective

Indian Power Sector though growing at a steady pace is far behind in technology, production capacity and consumption from the developed nations in the world. With the high population and the increasing industrial scenario, India is striving hard to keep up with the increasing demand for power/electricity. Consumption of Electricity in India over the past years has increased manifolds. India ranked seventh in world electricity consumption in the year 2007.

India has recently picked up pace towards power generation from Solar & Renewable Energy Sources (RES). India has a long way to go before high dependence on RES & Solar energy as today more than 50% power is generated using Thermal Energy like Coal, Gas & Diesel. Global power generation has already shifted to depend more on Solar & RES. The US expects to be able to produce 80% of its power from RES by 2050.

SUMMARY OF OUR BUSINESS

Overview

Our company was incorporated under the Companies Act, 1956 on July 22, 2003 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh and we obtained Certificate of Business Commencement on February 10, 2004. The company was established with the object of manufacturing of Sponge Iron, Steel Billets and captive power generation. We are presently engaged in integrated business of manufacturing Sponge Iron, Steel Billets & Ingots and power generation.

Our company belongs to Vaswani Group of Companies which has interest in Iron & Steel since past two decades. Our Company has manufacturing facilities in an industrial area at Sondra Village, 14 km from Raipur railway station. Our company installed first kiln of 1x100 TPD sponge iron in the year 2004-05 and over the period of time enhanced the total capacity of Sponge Iron to 3 x 100 TPD.

Besides this, we also installed 3 Induction Furnaces in the year 2007-2008 with a capacity of 36000 MT for manufacturing of Steel Billets & Ingots utilising in-house production of Sponge Iron.

Apart from this, we also commenced power generation of 7.5 MW in the year 2007-08 (5 MW from Waste Heat Recovery Boiler (WHRB) and 2.5 MW from Coal) for captive consumption. Our power generation capacity was enhanced to 11.5 MW (9 MW from WHRB and 2.50 MW from Coal) during the year 2010-2011. In the year 2009, our company started selling surplus power generated to private power companies namely M/s Lanco Electric Utility Limited and others as well as State Electricity Board namely Chhattisgarh State Electricity Board.

Since inception, our company, under the guidance of experienced promoters, has responded to changing economic conditions and new market opportunities through vertical integration and periodic restructuring. We firmly believe in benchmark product quality, customer centric approach, people focus, ethical business practices and good corporate citizenship. We draw our strength from an age old tradition of reliable customer service and quality products.

With dedicated employees forming the part of our Company, we have grown from strength to strength under the dynamic leadership of our promoters and directors. The combined experience has propelled our Company into the league of formidable steel players in the State of Chhattisgarh.

The Steel Product/By-Product range along with their application & usage:

Sr. No.	Product / By-Product Name	Used	Process
1	Sponge Iron	For making Steel Billets & Ingots	Melted in Induction Furnace at 1700°C
2	Dolochar	Raw Material for consumption with coal in power plant	Burnt in F.B.C. to get the required Temperature
3	Steel Billets	For making steel structures like channels, angles, flats etc	Re-heated and Re-Rolled in rollers to get the desired shape
4	Fly ash	Used in manufacturing Fly Ash Bricks	Mixed with sand, lime, gupsem and cement in fixed ratio and pur for compress in power press in desired shape
5	Steel scraps	For making steel billets and ingots	Melted in Induction Furnace at 1700°C

Capacity & its Utilization:

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Installed capacity			
Sponge Iron	90000 MT	60000 MT	60000 MT
Steel Billets/Ingots	36000MT	36000MT	36000MT
Power	7.5 MW	7.5 MW	7.5 MW
Production			
Sponge Iron	47378.03	37809.57	42442.21

Steel Billets/Ingots	4350	36000	14260
Power	7.5 MW	7.5 MW	6.5 MW

Our Competitive Strengths

Management Expertise

Our Promoters have been engaged in trading & steel manufacturing business for more than two decades. Our promoters, over the years, have gained experience in setting up and operating integrated steel plants. The established position of the Company and the Group Companies in the local markets has also resulted in an established customer base and a supplier network in Uttaranchal, Chhattisgarh, Maharashtra, and Madhya Pradesh. In addition to our Promoters, we have a professionally managed team with technical experts in respective fields as more specifically detailed in the sections titled “Key Managerial Personnel” beginning on page no 112 and “Our Management” beginning on page no 102 of this Red Herring Prospectus.

Cordial Relationship between management and labour

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our Company since the incorporation.

Expected High Operating Efficiency

The Company’s steel plant is fully integrated. The sponge iron manufactured by us is used as raw material to manufacture Mild Steel Billets/Ingots. Thus, the finished product of one unit acts as a raw material for the other unit. The current power capacity is feeding the power requirement of our Company and as well as the surplus is being sold to the private power companies as well as State Electricity Board. Due to integration, our company as a whole can reduce its cost of production and achieve better profitability. Our company can sustain/absorb adverse market situation during cyclical recession. The steel industry is highly power-intensive and captive power generation plant, which has low cost per unit, is leading to significant cost saving.

Captive Power Plant

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company has increased the generation capacity from 7.5 MW to 11.50 MW from Waste Heat Recovery Boiler to meet the present requirement of power as well as to sale the surplus through private power companies and CSEB. Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilisation of our capacities.

Weaknesses & Threats

High Working Capital Intensive

Our business requires a significant amount of working capital. Most of the contracts provide for progress payments. Our working capital requirements may increase if, in certain contracts, payment terms include reduced advance payments or payment schedules that specify payment which are less favourable to us. Delays in progress payments from our clients may increase our funds required for working capital. If a client defaults in making its payments on a project to which we have deployed significant resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses.

Cyclicality inherent in the steel business

The steel industry historically has experienced cyclical fluctuations in financial results due to economic recession, downturns in business cycles of our customers, price increase of the raw material, interest rate fluctuations, and other economic factors beyond our control. If economic recession or a downturn in our

customers business cycles causes a reduction in the volume of freight shipped by those customers, our operating results could also be adversely affected.

THE ISSUE

Equity Shares offered:	
Public Issue of Equity Shares by our Company	1, 00, 00,000 Equity Shares of Rs.10/- each aggregating Rs. [•] Lacs.
<i>Of Which:</i>	
QIB Portion	Upto 50, 00,000 Equity Shares of Rs 10/- each, constituting up to 50% of the Issue to the public aggregating to Rs. [•] Lacs shall be available for allocation on a proportionate basis. Out of which 5% i.e. 2, 50, 000 Equity Shares of Rs 10/- each shall be available for allocation on proportionate basis to Mutual Funds only, and the balance QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds.
Non- Institutional Portion	Not less than 15, 00,000 Equity Shares of Rs.10/- each for cash at a price of Rs [•] aggregating to Rs [•] Lacs constituting at least 15% of the Issue to the Public. <i>(Allocation on proportionate basis)</i>
Retail Portion	Not less than 35, 00,000 Equity Shares of Rs.10/- each for cash at a price of Rs [•] aggregating to Rs [•] Lacs constituting at least 35% of the Issue to the Public. <i>(Allocation on proportionate basis)</i>
Equity Shares outstanding prior to the Issue	1,34,90,700 Equity Shares of Rs.10/- each
Equity Shares outstanding post the Issue	2,34,90,700 Equity Shares of Rs.10/- each
Objects of the Issue	Please refer to section titled “Objects of the Issue” on page no 58 of this Red Herring Prospectus

Note: Investors may note that in case of over-subscription in the Issue, allotment to QIB, Non-Institutional and Retail Individuals shall be on a proportionate basis. For details, please refer to the section titled “Issue Procedure” beginning on page no 187 of this Red Herring Prospectus.

Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM. For more information, please refer to the section titled “Issue Procedure - Basis of Allotment” beginning on page no 206.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth our financial information derived from the restated financial information for the year ended Financial Year ended March 31, 2010, 2009, 2008, 2007, and 2006. The restated summary financial information presented below should be read in conjunction with the "Restated Financial Information" included in this Red Herring Prospectus, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page no 129 and 150.

Summary statement of Assets & Liabilities, as Restated

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
FIXED ASSETS						
Gross Block	9497.38	7358.86	6219.18	6087.72	2175.86	2159.62
Less: Depreciation	1313.96	1054.69	724.52	404.29	171.24	61.20
NET BLOCK	8183.42	6304.16	5494.66	5683.43	2004.62	2098.42
Capital work in progress	10.75	1497.04	14.75	9.47	2022.54	6.69
NET FIXED ASSETS (A)	8194.17	7801.21	5509.41	5692.91	4027.16	2105.11
INVESTMENT (B)	629.49	8.38	1.08	0.07	5.00	5.00
Current Assets, Loans & Advances						
Inventories	1063.82	643.76	1826.81	1009.55	341.18	544.61
Sundry debtors	1159.07	595.18	408.93	356.78	528.50	181.18
Cash & Bank Balances	23.12	94.91	5.00	29.74	434.98	7.52
Loans & Advances	1940.86	2157.84	947.22	2384.89	1670.16	331.71
Other Current Assets	287.28	174.44	202.09	154.33	26.71	36.95
TOTAL (C)	4474.15	3666.13	3390.05	3935.30	3001.53	1101.97
Liabilities and Provisions						
Secured Loans	6765.73	5203.91	3994.82	5752.65	4116.44	1579.12
Unsecured Loans	279.72	473.00	1057.99	188.35	215.99	474.20
Deferred Tax Liabilities	740.96	614.11	423.49	249.38	68.50	25.42
Current Liabilities & Provisions	1282.65	1220.54	797.81	1086.03	639.06	213.97
TOTAL (D)	9069.06	7511.56	6274.11	7276.40	5039.99	2292.71
NET WORTH (A+B+C-D)	4228.75	3964.16	2626.43	2351.87	1993.70	919.37
Represented by:						
Equity Share Capital	1349.07	1349.07	1126.62	1121.62	943.62	600.62
Share Application Money	0.00	0.00	0.00	0.00	356.00	14.00
Reserves & Surplus	2956.95	2687.57	1580.26	1232.23	697.04	308.70
Less: Miscellaneous Expenditure	(77.27)	(72.48)	(80.45)	(1.98)	(2.97)	(3.95)
NET WORTH	4228.75	3964.16	2626.43	2351.87	1993.70	919.37

Summary Statement of Profits & Losses, as Restated

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
SALES	7506.26	9851.48	15092.45	8523.06	4485.11	1522.26
Less: Excise Duty on Sales	594.79	655.04	1711.62	1186.86	638.85	216.28
Net Sales	6911.47	9196.44	13380.83	7336.20	3846.26	1305.98
Other income	31.54	34.51	69.18	21.13	96.39	96.44
Increase/(Decrease) in Inventories	(65.46)	(145.82)	(212.67)	493.22	46.08	26.90
TOTAL INCOME	6877.55	9085.13	13237.34	7850.55	3988.73	1429.33
EXPENSES						
Raw Material Consumed	5067.07	6479.08	9495.24	5547.22	3279.46	1102.02
Manufacturing Expenses	517.78	741.95	1889.72	949.31	146.93	70.08
Personnel cost	141.72	185.62	134.29	67.04	31.66	27.33
Administrative Expenses	147.98	203.92	181.06	105.33	134.94	47.93
Selling & distribution Expenses	13.40	24.29	19.63	22.58	18.80	4.31
TOTAL EXPENSES	5887.95	7634.85	11719.94	6691.48	3611.78	1251.57
Profit Before Interest & Depreciation	989.60	1450.28	1517.40	1159.07	376.95	177.76
Less: Interest Expenses	324.69	512.05	567.13	397.44	166.32	34.72
Profit before depreciation	664.91	938.22	950.27	761.63	210.63	143.04
Less: Depreciation	260.81	338.14	326.23	233.84	111.13	61.19
Profit Before Tax & Prior Period Adjustment	404.10	600.08	624.04	527.79	99.51	81.85
Add/(Less): Prior Period Adjustment	0.00	2.52	5.38	0.00	0.00	0.52
Less: Provision for Taxation						
Current Tax (MAT)	7.87	45.19	44.76	0.00	10.38	6.17
Fringe Benefit Tax	0.00	0.00	1.60	6.35	0.71	0.00
Deferred Tax Liability	126.85	190.62	174.12	180.87	43.08	25.42
Add: Excess Provision of IT in previous year	0.00	1.40	0.00	0.00	0.00	0.00
Profit After Tax	269.38	368.19	408.94	340.57	45.34	50.78

Summary of Cash Flow, as Restated*
(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31				
		2010	2009	2008	2007	2006
Cash Flow from Operating Activities						
Net Profit/(Loss) before Taxation & extraordinary items	404.10	602.61	629.42	527.79	99.51	82.37
Adjustments for :						
Depreciation	260.81	338.14	326.23	233.84	111.13	61.19
Interest charged to P&L A/c	324.69	512.05	567.13	397.44	166.31	34.72
Dividend	0.00	0.00	0.00	(0.09)	(0.22)	0.00
Net Loss/(Profit) on sale of Investment	0.00	0.00	0.00	(3.90)	0.00	0.00
Net Loss/(Profit) on sale of asset	1.03	1.22	5.49	(2.18)	6.86	0.00
Preliminary expenses written off	0.00	17.33	3.22	0.99	0.99	0.99
Operating Profit before Working Capital Changes	990.63	1471.35	1531.49	1153.88	384.58	179.27
Adjustment for:						
Trade & other receivable	(461.34)	(1301.16)	1393.98	(593.05)	(1672.53)	(226.95)
Inventories	(420.06)	1183.05	(817.26)	(668.37)	203.43	(409.52)
Trade payables	123.87	450.77	(354.12)	389.16	420.88	139.06
Cash generated from operations	233.10	1804.00	1754.08	281.61	(663.64)	(318.14)
Direct taxes	(28.58)	(119.93)	(102.57)	(10.38)	(9.87)	(1.00)
Net Cash from Operating Activities (A)	204.52	1684.07	1651.51	271.23	(673.51)	(319.14)
Cash Flow from Investing Activities						
Purchase of Fixed Assets	(645.11)	(1167.16)	(303.36)	(1893.43)	(26.88)	(896.72)
Sale of fixed assets	1.06	20.09	160.41	6.38	2.70	0.00
Increase in Capital Work in Progress	(10.75)	(1491.65)	(86.99)	(9.47)	(2015.85)	(6.69)
Miscellaneous Expenses Capitalised	(4.79)					
Purchase of Investment	(621.11)	(2.60)	(1.01)	(0.07)	0.00	(4.99)
Dividend Received	0.00	0.00	0.00	0.09	0.22	0.00
Sale of Investment	0.00	0.00	0.00	8.90	0.00	0.00
Net Cash used in Investing Activities (B)	(1280.70)	(2641.32)	(230.94)	(1887.60)	(2039.81)	(908.40)
Cash Flow from Financing Activities						
Proceeds from Unsecured Loans						
Amount Received	372.76	1023.62	1536.44	144.04	112.59	479.13
Amount Repaid	(566.04)	(1608.62)	(666.79)	(171.68)	(370.80)	(56.32)

Proceeds from Bank Borrowings						
Amount Received	12640.18	16483.41	19140.79	14348.09	9237.58	3516.47
Amount Repaid	(11078.36)	(15274.32)	(20898.62)	(12711.88)	(6700.26)	(2859.27)
Money received towards Share Capital & Application Money	0.00	222.45	5.00	0.00	685.00	92.52
Money Received towards Security Premium	0.00	778.57	5.00	0.00	343.00	94.17
Interest Paid	(324.69)	(512.05)	(567.13)	(397.44)	(166.32)	(34.72)
Dividend Paid	(33.73)	(56.33)	0.00	0.00	0.00	0.00
Dividend Tax paid	(5.73)	(9.57)	0.00	0.00	0.00	0.00
Net Cash Receipt/ Used in Financing activities	1004.39	1047.16	(1445.31)	1211.13	3140.79	1231.98
Net Increase/ Decrease in Cash & Cash Equivalents (A + B + C)	(71.79)	89.91	(24.74)	(405.24)	427.46	4.44
Cash & Cash Equivalents As on beginning of year	94.91	5.00	29.74	434.98	7.52	3.08
Cash & Cash Equivalents as on end of year	23.12**	94.91	5.00	29.74	434.98	7.52

* The Cash Flow Statement in audited accounts is not in strict compliance with Accounting Standard-3 but the same has now been rectified and accordingly disclosed in the Restated Financials.

** Closing Cash & Cash Equivalents As on 31.10.2010.

GENERAL INFORMATION

Our company was incorporated on July 22, 2003 under the name of Vaswani Industries Limited vide Certificate of Incorporation bearing registration number U28939CT2003PLC015964 issued by the Registrar of Companies, Madhya Pradesh and Chhattisgarh. For details in change in the name of our company and of our registered office, please refer to section titled “Our History and Corporate Matters” beginning on page no 99 of this Red Herring Prospectus.

Registered Office

Vaswani Industries Limited

MIG-4, Indrawati Colony,
Raipur - 492 001
Chhattisgarh

Tel: 91-0771-4226000

Fax: 91-0771-4226099

E-mail: ipo@vaswaniindustries.com

Website: www.vaswaniindustries.com

CIN No: U28939CT2003PLC015964

Our company is registered with the following Registrar of Companies (“RoC”)

RoC – Madhya Pradesh and Chhattisgarh

3rd Floor, A' Block, Sanjay Complex,
Jayendra Ganj,
Gwalior – 474 009
Madhya Pradesh

Board of Directors

The table below sets out the current details regarding our Board as on the date of filing this Red Herring Prospectus:

Name of the Director	Designation	Nature of Directorship	DIN
Mr. Ravi Vaswani	Managing Director	Executive Non – Independent Director	00308616
Mr. Pramod Vaswani	Whole Time Director	Executive Non – Independent Director	01627359
Mr. Yashwant Vaswani	Whole Time Director	Executive Non – Independent Director	01627408
Mr. Lekhu Mulchandani	Independent Director	Non – Executive Independent Director	02801146
Mr. Ashok Suri	Independent Director	Non – Executive Independent Director	00291897
Mr. Sunny Saini	Independent Director	Non – Executive Independent Director	01627408

For further details of our Directors, please refer to our section entitled “Our Management” beginning on page no 102 of this Red Herring Prospectus.

Company Secretary & Compliance Officer

Ms. Rachana Hingar is the Company Secretary and Compliance Officer, her details are as follows:

Vaswani Industries Limited

MIG-4, Indrawati Colony,
Raipur - 492 001

Tel: 91-0771-4226000

Fax: 91-0771-4226099

E-Mail: complianceofficer@vaswaniindustries.com

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares

applied for, Bid Amount blocked, ASBA account number and the designated branch of the relevant SCSB where the ASBA Form was submitted by the ASBA Bidder.

Book Running Lead Manager to the Issue

**ASHIKA CAPITAL LIMITED**

1008, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021.

Tel : 91-22 -6611 1700

Fax : 91-22- 6611 1710

Email: vil.ipo@ashikagroup.com

Website: www.ashikagroup.com

Investor Grievance ID: mbd@ashikagroup.com

Contact Person: Mr. Manish Gaur

SEBI Registration No: INM000010536

Syndicate Member(s)

ASHIKA CAPITAL LIMITED

1008, 10th Floor, Raheja Centre,
214, Nariman Point,
Mumbai-400 021.

Tel: 91-22-6611 1706

Fax: 91-22-6611 1710

E-mail: mbd@ashikagroup.com

Website: www.ashikagroup.com

Contact Person: Mr. Ankit Joshi

Legal Advisors to the Issue

ALLIANCE CORPORATE LAWYERS

805, 8th Floor, Arcadia, N.C.P.A. Marg,
Nariman Point,
Mumbai – 400 021.

Tel: 91-22-2204 0822

Fax: 91-22-2204 0824

E - Mail: rs.loona@alliancelaw.org

Contact Person: Mr. R S Loona

Registrar to the Issue

**LINK INTIME INDIA PVT LTD**

C- 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup - West,
Mumbai - 400 078.

Tel: 91-22- 2596 0320

Fax: 91-22-2596 0329

Email: vil.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Chetan Shinde

Registration No: INR000004058

Statutory Auditors to the Company

M/s. SUNIL JOHRI & ASSOCIATES

Chartered Accountants
Nathani Building, Shastri Chowk,
Raipur – 492 001.

Tel: 91-0771-3291222

E-Mail: johri62@rediffmail.com

Contact Person: Mr. Sunil Johri

Independent Auditor (Peer Review Certified)

M/s. MOTILAL JAIN & ASSOCIATES

Chartered Accountants
Amol Vidhya,
35-A, Bhaktawar Ram Nagar,
Near Ajit Club,
Indore - 452018

Tel: 91-0731-2493738

E-Mail: mljainassociates@rediffmail.com

Contact Person: Mr. Motilal Jain

IPO Grading Agency

ICRA Limited

1105, Kailash Building,
11th Floor, 26,
Kasturba Gandhi Marg,
New Delhi-110001

Tel: 91-33-22831411

E-Mail: anuradha@icraindia.com/jayanta@icraindia.com

Contact Person: Ms. Anuradha Ray/Mr. Jayanta Roy

Advisor to the Company

Mr. SHYAM S. GUPTA

Chartered Accountants
305, Milindas Manor,
2 RNT Marg, Indore.

Tel: 91-0731-2525978

Email: sguptaca2004@rediffmail.com

Bankers to the Company

UNION BANK OF INDIA

Industrial Finance Branch,
Mahavir Gaushala Complex,
Moudhapara,
Raipur – 492 001.

Tel: 91-0771-2546001

Fax: 91-0771-2546013

E-Mail: ifbraipur@unionbankofindia.com

Contact Person: R. Chandru

Bankers to the Issue

HDFC BANK LIMITED

Lodha, FIG - OPS Department,
I Think Techno Campus, O-3, Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East).
Mumbai – 400042.
Tel : 91-22-30752928;
Fax : 91-22- 25799801
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane
SEBI Registration Number: INBI00000063

AXIS BANK LIMITED

Western Zonal Office, 3rd Floor,
RNA Corporate Park, Kalanagar,
Near Chetana College,
Bandra (E).
Mumbai - 400 051.
Tel: 91-22-67248001
Fax: 91-22-67248073
E-mail: vivek.singh@axisbank.com
Contact Person: Mr. Vivek Singh
SEBI Registration Number: INBI00000017

DHANLAXMI BANK LIMITED

SEBI Regn No.INB100000025
Janmabhoomi Bhavan,
Janmabhoomi Marg,
Mumbai – 400 001.
Tel : 91-22-2202 2535/6154 1857
Fax : 91-22-2287 1637/6154 1725
Website : www.dhanbank.com
Email : venkataraghavan.ta@dhanbank.co.in
Contact Person: Mr. Venkataraghavan T.A.

Refund Banker to the Issue

HDFC BANK LIMITED

Lodha, FIG - OPS Department,
I Think Techno Campus, O-3, Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East).
Mumbai – 400042.
Tel : 91-22-30752928;
Fax : 91-22- 25799801
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane
SEBI Registration Number : INBI00000063

Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided at <http://www.sebi.gov.in> and for details on designated branches of SCSB's collecting the ASBA Bid cum Application Form, please refer to the above mentioned link.

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Monitoring Agency

As per regulation 16 of the SEBI (ICDR) Regulations, 2009, monitoring agency is required to be appointed in case the public issue size exceeds Rs. 500 Crores. Since our proposed issue size will not exceed Rs.500 Crores, we do not propose to appoint a Monitoring Agency.

However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares in accordance with the Corporate Governance requirements, the Audit Committee of our Company would be monitoring the utilisation of the proceeds of the Issue.

Inter-Se Allocation of Responsibilities

Ashika Capital limited is the sole Book Running Lead Manager to the Issue and shall be responsible for the following activities:

Sr. No.	Activity
1	Capital Structuring with the relative components and formalities such as type of instruments, etc
2	Conducting a due diligence of the Company's operations/management/business plans/legal, etc. Drafting and designing the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI
3	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements
4	Primary co-ordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
5	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
6	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz., printers and advertising agency
7	Marketing of the Issue, which will cover inter alia: • Formulating marketing strategies, preparation of publicity budget; • Finalising media & public relations strategy; • Finalising centres for holding conferences for press and brokers etc; • Finalising collection centres; • Following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material; • Preparing all road show presentations; • Appointment of brokers to the issue; and • Appointment of underwriters and entering into underwriting agreement.
8	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company
9	Finalising the Prospectus and RoC filing
10	Co-ordinating post bidding activities including management of Escrow accounts, coordinating with registrar and dispatch of refunds to Bidders, etc.
11	Follow-up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
12	The Post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

IPO Grading

This Issue has been graded by ICRA and has been assigned the "IPO Grade 2" indicating below average fundamentals, pursuant to Regulation 26(7) of the ICDR Regulations. The IPO grade is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. Attention is drawn to the disclaimer appearing on page 176 of this Red Herring Prospectus. A copy of the report provided by ICRA, furnishing the rationale for its grading is available for

inspection at our Registered Office from 10.00 AM to 4.00 PM on Working Days during the Bidding Period. For further details please refer to “Annexure-I”.

Expert Opinion

Except the report of the Peer Review Auditor of our Company on the Restated Audited Financial Information and for the report of ICRA Limited in respect of IPO grading of this issue which is annexed to the Red Herring Prospectus, we have not obtained any other expert opinion.

Trustees

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

Project Appraisal

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

Book Building Process

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

- (i) Our Company;
- (ii) Book Running Lead Manager, in this case being Ashika Capital Limited
- (iii) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- (iv) Registrar to the Issue;
- (v) Escrow Collection Banks; and
- (vi) Self Certified Syndicate Banks

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

In accordance with the SEBI ICDR Regulations QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are now required to pay full 100% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details please refer to the section “*Terms of the Issue*” beginning on page no 180 of this Red Herring Prospectus.

We will comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed Ashika as the BRLM to manage the issue and procure subscription to this issue.

The process of Book Building under the SEBI (ICDR) Regulations, 2009 is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five (5) bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

- Check eligibility for bidding (please refer to the section entitled “*Issue Procedure - Who Can Bid*” beginning on page no 188 of this Red Herring Prospectus).
- Ensure that bidder has an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.
- Ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid Cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (please refer to the section entitled “*Issue Procedure-Permanent Account Number or PAN*” on page no 200 of this Red Herring Prospectus);
- Ensure that the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.
- Ensure the correctness of your Demographic Details given in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, with the details recorded with your Depository Participant.
- Bids by QIBs will only have to be submitted to the BRLM, other than bids by QIBs who bid through the ASBA process, shall submit bids to the Designated Branches of SCSBs; and
- Bids by ASBA bidders will have to be submit their bids to the designated branches of the SCCBs. ASBA bidders should ensure that their bank account have adequate credit balance at the time of submission to the SCCBs to ensure that the ASBA Bid cum Application form is not rejected.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue, including at any time after the Bid/Issue Opening Date but before the Allotment of the Equity shares. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two (2) days of the closure of the Issue, providing reasons for not proceeding with the Issue. Our Company shall also inform the Stock Exchanges on which the company is proposed to get listed. If our Company withdraws the Issue after the Bid 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. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Issue Programme:

Bid/Issue Opens On	April 29, 2011
Bid/Issue Closes On	May 03, 2011

Bids and any revision in Bids shall be accepted only between **10.00 AM and 5.00 PM** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, except that on the Bid/Issue closing date. **On the Bid/Issue Closing Date, the Bids and any revision of bids (excluding the ASBA Bidders)** shall be accepted only between **10.00 AM and 3.00 PM** (Indian Standard Time) during the bidding period and shall be uploaded until (i) 4.00 PM in case of Bids by QIB Bidders, Non-Institutional Bidders and where the Bid Amount is in excess of Rs. 200,000 and (ii) until 5.00 PM or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and where the bid amount is up to Rs. 200,000. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the 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 the physical form of the 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, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Red Herring Prospectus is 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 issue, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such bids are not uploaded, our company, the BRLM, and the syndicate member shall not be responsible. Bids will be accepted only on Business Days.

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

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three (3) additional Business Days after revision of Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company shall enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event the respective Syndicate

Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the underwriters including through its Syndicate/Sub-Syndicate, subject to Regulation 13 of the SEBI Regulations.

The Underwriting Agreement is dated [•]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

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

(Rs in Lacs)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten
Ashika Capital Limited 1008, 10 th Floor, Raheja Centre, 214, Nariman Point, Mumbai – 400 021. Tel : 91-022-6611 1700 Fax: 91-022-6611 1710 E-mail: mbd@ashikagroup.com	[•]	[•]

The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the “Basis of Allocation”.

The above mentioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [•], has accepted and entered into the Underwriting Agreement with the underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLM and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscription by the ASBA Bidders in this issue.

CAPITAL STRUCTURE

Particulars		Nominal Value	Aggregate Value
A	Authorised Share Capital		
	2,47,50,000 Equity Shares of Rs.10/- each	24,75,00,000	24,75,00,000
	2,50,000 10% Non-Cumulative Redeemable Preference Shares of Rs 10/- each	25,00,000	25,00,000
B	Issued, Subscribed and Paid-Up Equity Share Capital		
	1,34,90,700 Equity Shares of Rs. 10/- each	13,49,07,000	13,49,07,000
C	Issue pursuant to this Red Herring Prospectus		
	1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000	[•]
	<i>Of Which:</i>		
	i. QIB Portion of up to 50,00,000 Equity Shares constituting up to 50% of the Issue	5,00,00,000	[•]
	ii. Non-Institutional Portion of not less than 55,00,000 Equity Shares constituting 15% of the Issue	1,50,00,000	[•]
	iii. Retail Portion of not less than 35,00,000 Equity Shares constituting 35% of the Issue	3,50,00,000	[•]
D	Paid Up Equity Share capital after the Issue		
	2,34,90,700 Equity Shares of Rs. 10/- each	23,49,07,000	[•]
E	Share Premium Account		
	Before the Issue		15,62,49,500
	After the Issue**		[•]

The Issue has been authorized by a resolution of our Board dated January 18, 2010 and by special resolution passed pursuant to section 81 (1A) of the Companies Act, at the Extra Ordinary General Meeting of the shareholders of our company held on February 20, 2010.

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

** The Share Premium account after the issue will be determined only after the Book Building Process.

Details in relation to the Change in Authorized Share capital of Our Company

Date of Shareholders Resolution	Details of Change	AGM/EGM
On Incorporation	Incorporated with an Authorised Equity Share Capital of Rs. 2,75,00,000 divided into 27,50,000 Equity Shares of Rs. 10/- each and 25,00,000 10% Non-Cumulative Redeemable Preference Share Capital divided into 2,50,000 10% Non-Cumulative Redeemable Preference Shares	-
December 13, 2004	Increase in Authorized Equity Share Capital from Rs. 2,75,00,000 divided into 27,50,000 Equity Shares of Rs. 10/- each to Rs. 6,00,00,000 Equity Share Capital divided into 60,00,000 Equity Shares of Rs. 10/- each	EGM
March 27, 2006	Increase in Authorized Equity Share Capital from Rs. 6,00,00,000 divided into 60,00,000 Equity Shares of Rs. 10/- each to Rs. 12,00,00,000 Equity share Capital divided into 1,20,00,000 Equity Shares of Rs. 10/- each	EGM
March 10, 2008	Increase in Authorized Equity Share Capital from Rs. 12,00,00,000 divided into 1,20,00,000 Equity Shares of Rs. 10/- each to Rs. 19,75,00,000 Equity share Capital divided into 1,97,50,000 Equity Shares of Rs. 10/- each	EGM
October 26, 2009	Increase in Authorized Equity Share Capital from Rs. 19,75,00,000 divided into 1,97,50,000 Equity Shares of Rs. 10/- each to Rs. 24,75,00,000 Equity share Capital divided into 2,47,50,000 Equity Shares of Rs. 10/- each	EGM

Notes to the Capital Structure

1. Paid up Equity Share Capital History of the company:

Date of Allotment	No. of Equity Shares	FV (Rs)	Issue Price (Rs)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Equity Share capital (Rs)	Cumulative Share Premium (Rs)
July 22, 2003	61000	10	10	Cash	Subscription to the Memorandum	61000	610000	-
February 25, 2005	3366000	10	10	Cash	Further Allotment of Shares to Promoters/ Promoter Group	3427000	34270000	-
February 26, 2005	1637500	10	20	Cash	Further Allotment of Shares to Promoter Group/ Others	5064500	50645000	16375000
March 31, 2006	941700	10	20	Cash	Further Allotment of Shares to Others	6006200	60062000	25792000
March 31, 2007	3430000	10	20	Cash	Further Allotment of Shares to Promoters /Others	9436200	94362000	60092000
July 20, 2007	1780000	10	20	Cash	Further Allotment of Shares to Others	11216200	112162000	77892000
June 30, 2008	50000	10	20	Cash	Further Allotment of Shares to Others	11266200	112662000	78392000
January 18, 2010	2000000	10	45	Cash	Further Allotment of Shares to Promoters / Promoter Group	13266200	132662000	148392000
March 26, 2010	224500	10	45	Cash	Further allotment of shares to Promoters	13490700	134907000	156249500

Name of Allottees are as under:

Sr.No.	Date of Allotment	Name of the Persons	Category	No of Equity Shares
1.	July 22, 2003	Ravi Vaswani	Promoter	10,000
		Pramod Vaswani	Promoter	10,000
		Sudha Vaswani	Promoter Group	10,000
		Manisha Vaswani	Promoter Group	10,000
		Juhi Vaswani	Promoter Group	10,000
		Yashwant Vaswani	Promoter	10,000
		Satish Vaswani	Promoter Group	1,000
		TOTAL		61,000

Sr.No.	Date of Allotment	Name of the Persons	Category	No of Equity Shares
2.	February 25, 2005	Ravi Vaswani	Promoter	21,12,800
		Pramod Vaswani	Promoter	9,56,200
		Yashwant Vaswani	Promoter	60,000
		Ravi Vaswani HUF	Promoter Group	60,000
		Kritika Vaswani	Promoter Group	50,000
		Juhi Vaswani	Promoter Group	52,500
		Manisha Vaswani	Promoter Group	62,500
		Sudha Vaswani	Promoter Group	12,000
		TOTAL		33,66,000
3.	February 26, 2005	Shreevar Overseas Ltd	Others	1,00,000
		Trident Lami Pack Pvt Ltd	Others	1,25,000
		Rifca Construction Pvt Ltd	Others	1,35,000
		Sonal Tie-up Pvt Ltd	Others	1,47,500
		Nandan Mercantile Pvt Ltd	Others	1,25,000
		Natura Hue Cam Pvt Ltd	Others	2,25,000
		Segment Mercantile Pvt Ltd	Others	2,05,000
		Narottam Mercantile	Others	10,000
		Meghna Trexim Pvt Ltd	Promoter Group	1,35,000
		Dharamendra Verma	Others	12,500
		Ashok Ahuja HUF	Others	10,000
		Dayal Das Ahuja	Others	10,000
		Narendra Verma	Others	12,500
		Shanti Devi Verma	Others	17,500
		Samar Mandloi	Others	12,500
		Rajani Verma	Others	15,000
		Sukhdev Verma	Others	25,000
		Sanjay Makhijani	Others	12,500
		Sanjay Makhijani HUF	Others	12,500
		Shobha Verma	Others	20,000
		Madhu Verma	Others	15,000
		Amritlal Doutlani HUF	Others	12,500
		Sakshai Mandloi	Others	12,500
		Sangeeta Makhijani	Others	12,500
		Laxmikant Diwan HUF	Others	10,000
		Shobha Ahuja	Others	12,500
		Suresh Soni	Others	10,000
		Kamal Tiwari	Others	10,000
		Sumitra Sahu	Others	10,000
		Bhushan Sahu	Others	12,500
		Bhushan Sahu HUF	Others	12,500
		Ramchandra Makhija	Others	12,500
		Vijay Kumar Vadhvani	Others	12,500
		Samar Mandloi HUF	Others	12,500
		Rajendra Sahu	Others	10,000
		Dilip Ahuja	Others	10,000
		Pooja Soni	Others	12,500
		Kumari Diwan	Others	15,000
		Manisha Diwan	Others	10,000
		Sitabai Sahu	Others	12,500
		Bhanu Patel	Others	10,000
		Bina Baid	Others	10,000
		Deepak HUF	Others	12,500
		TOTAL		16,37,500
4.	March 31, 2006	Vishesh Plastic Pvt Ltd	Others	50,000
		Up & Up Traders Pvt Ltd	Others	50,000
		Moondra Auto Bearing Pvt	Others	25,000

Sr.No.	Date of Allotment	Name of the Persons	Category	No of Equity Shares
		Ltd		
		Mangal Sago Pvt Ltd	Others	25,000
		Westline Trading Co Pvt Ltd	Others	25,000
		Minu Tex Pricessors Pvt Ltd	Others	25,000
		Next Technology (I) Pvt Ltd	Others	25,000
		Nemi Nath Vyaapar Pvt Ltd	Others	25,000
		Kumbh Commercial (P) Ltd	Others	25,000
		Mahutkarsh Securities & Finance Pvt Ltd	Others	70,000
		Advance Commerce Pvt Ltd	Others	25,000
		Gospel Commerce Pvt Ltd	Others	25,000
		Cross Consultant (P) Ltd	Others	25,000
		New Era Alkalodis & Export Ltd	Others	50,000
		Tarus Viniyog Pvt Ltd	Others	75,000
		Champion Traclers Ltd	Others	75,000
		Vishwamitra Vanijiya Pvt Ltd	Others	35,000
		Sharad Chandra Sahu	Others	10,000
		Sohan Lal Srivastav	Others	30,825
		Mohd Hafiz	Others	8,800
		G S Lal Kurli	Others	6,625
		Prem Lal Sharma	Others	6,625
		Shyam Deo Giri	Others	8,650
		Kumari Sahu	Others	13,475
		Surendra Singh Sandhu	Others	37,500
		Shesh Kumar Sahu	Others	7,500
		Santosh Kumar Agarwal	Others	17,000
		Madan Kumar Singh	Others	15,750
		Mithilesh Srivastav	Others	10,000
		Ashok Srivastav	Others	10,000
		Shanker Lal Singh	Others	33,150
		Ram Swaroop Verma	Others	16,400
		Santosh Kumar Verma	Others	26,300
		Anupama Saxsena	Others	16,400
		P L Verma	Others	11,700
		TOTAL		9,41,700
5.	March 31, 2007	Natura Hu Chem Ltd	Others	1,41,700
		Yogesh Project Pvt Ltd	Others	25,000
		Nandan Mercantile Pvt Ltd	Others	75,000
		Sonal Tie-up Pvt Ltd	Others	50,000
		Narottam Mercantile Pvt Ltd	Others	75,000
		Star Transfin Pvt Ltd	Others	25,000
		N.K.P Finwest Pvt Ltd	Others	25,000
		Omni Associates Pvt Ltd	Others	50,000
		Gulab Mercantile Pvt Ltd	Others	50,000
		Barbarik Vanijya Pvt Ltd	Others	50,000
		Basukinath Vanijiya Pvt Ltd	Others	50,000
		Axiom Tie-up Pvt Ltd	Others	50,000
		Medhavi Goods Pvt Ltd	Others	50,000
		Tanisha Vyapar Pvt Ltd	Others	50,000
		Sanmati Commodities Pvt Ltd	Others	50,000
		LNR Exports Pvt Ltd	Others	75,000
		LNR Investments & Traders Pvt Ltd	Others	3,25,000
		Appex Procon Pvt Ltd	Others	50,000

Sr.No.	Date of Allotment	Name of the Persons	Category	No of Equity Shares
		T K Ghosh Investments Pvt Ltd	Others	2,00,000
		Pioneer Resins & Aromatics Pvt Ltd	Others	1,75,000
		Shri Gowr Nidhi Investment Pvt Ltd	Others	2,00,000
		B O R Securities Ltd	Others	2,00,000
		Kothsons Finance & Consultance Pvt Ltd	Others	1,75,000
		AARKE Tie Up Pvt Ltd	Others	1,25,000
		Dharnidhar Trading Pvt Ltd	Others	1,25,000
		GMB Finvest Pvt Ltd	Others	1,25,000
		Bhagwat Kripa Trading Pvt Ltd	Others	1,25,000
		Batabari Investment Pvt Ltd	Others	1,25,000
		Nicholsan Vanijya Pvt Ltd	Others	2,00,000
		Gangotri Cement Ltd	Others	50,000
		Pramod Vaswani	Promoter	2,45,000
		Arbind Gupta	Others	22,100
		Sagar Sahu	Others	32,500
		Lata Parganiha	Others	33,000
		Dr. Shesh Kumar Sahu	Others	5,700
		TOTAL		34,30,000
6.	July 20, 2007	Kothsons Finance & Consultancy Pvt Ltd	Others	1,25,000
		AARKY Tie Up Pvt Ltd	Others	1,25,000
		GMB Finvest Pvt Ltd	Others	1,25,000
		Dharnidhar Trading Pvt Ltd	Others	1,25,000
		Bhagwat Kripa Trading Pvt Ltd	Others	1,25,000
		Nicholsan Vanijya Pvt Ltd	Others	1,25,000
		Shri Gowr Nidhi Investment Pvt Ltd	Others	1,25,000
		Batabari Investment Pvt Ltd	Others	1,25,000
		B O R Securities Ltd	Others	1,25,000
		Pioneer Resins & Aromatics Pvt Ltd	Others	1,25,000
		LNR Investments & Trade Pvt Ltd	Others	1,25,000
		LNR Export Pvt Ltd	Others	1,25,000
		T K Ghosh Investments Pvt Ltd	Others	1,30,000
		Nicholsan Vanijya Pvt Ltd	Others	1,50,000
		TOTAL		17,80,000
7.	June 30, 2008	Shreevar Overseas Ltd	Others	50,000
		TOTAL		50,000
8.	January 18, 2010	Pramod Vaswani	Promoter	6,46,660
		Ravi Vaswani	Promoter	8,00,000
		Yashwant Vaswani	Promoter	3,33,340
		Sudha Vaswani	Promoter Group	2,20,000
		TOTAL		20,00,000
9.	March 26, 2010	Pramod Vaswani	Promoter	1,12,000
		Yashwant Vaswani	Promoter	1,12,500
		TOTAL		2,24,500

2. Our Company has not issued any Equity Shares or Bonus Shares out of revaluation reserves or for consideration other than cash or in terms of scheme approved under Sections 391 to 394 of the Companies Act, 1956.
3. The Promoters' of our company have not pledged any of their shares.
4. **Our Company has allotted Equity Shares during preceding one year from the date of the Red Herring Prospectus which may be lower than the Issue price and the details of the allotment are as under:**

Date of Allotment	Name of the Allottee	No. of Equity Shares	FV (Rs)	Issue Price (Rs)	Nature of Consideration	Nature of Allotment
January 18, 2010	Mr. Pramod Vaswani	6,46,660	10	45	Cash	Further Allotment to Promoter
January 18, 2010	Mr. Ravi Vaswani	8,00,000	10	45	Cash	Further Allotment to Promoter
January 18, 2010	Mr. Yashwant Vaswani	3,33,340	10	45	Cash	Further Allotment to Promoter
January 18, 2010	Mrs. Sudha Vaswani	2,20,000	10	45	Cash	Further Allotment to Promoter Group
March 26, 2010	Mr. Pramod Vaswani	1,12,000	10	45	Cash	Further Allotment to Promoter
March 26, 2010	Mr. Yashwant Vaswani	1,12,500	10	45	Cash	Further Allotment to Promoter

Other than as mentioned in the table above, we have not made any issue of Equity Shares during the preceding one year.

4. Capital built up of Promoters:

Date of Allotment /Transfer	Nature of Transaction	Nature of Consideration	No of Equity Shares	FV (Rs)	Issue / Transfer Price (Rs)	Pre Issue Paid – Up Capital (%)	Post Issue Paid – Up Capital (%)
Mr. Ravi Vaswani							
July 22, 2003	Subscriber to MoA	Cash	10,000	10	10	0.07	0.04
February 25, 2005	Further Allotment	Cash	21,12,800	10	10	15.66	8.99
March 15, 2009	Transfer	Cash	4,30,000	10	1.05	3.19	1.83
April 15, 2009	Transfer	Cash	50,000	10	1.00	0.37	0.21
January 18, 2010	Further Allotment	Cash	8,00,000	10	45	5.93	3.41
SUB - TOTAL (A)			34,02,800			25.22	14.63
Mr. Pramod Vaswani							
July 22, 2003	Subscriber to MoA	Cash	10,000	10	10	0.07	0.04
February 25, 2005	Further Allotment	Cash	9,56,200	10	10	7.09	4.07
March 31, 2007	Further Allotment	Cash	2,45,000	10	20	1.82	1.04
June 21, 2008	Transfer #	Cash	15,00,000	10	1.05	11.12	6.39
January 18, 2010	Further Allotment	Cash	6,46,660	10	45	4.79	2.75
March 26, 2010	Further Allotment	Cash	1,12,000	10	45	0.83	0.48
SUB – TOTAL (B)			34,69,860			25.72	14.77

Mr. Yashwant Vaswani							
July 22, 2003	Subscriber to MoA	Cash	10,000	10	10	0.07	0.04
February 25, 2005	Further Allotment	Cash	60,000	10	10	0.44	0.26
June 21, 2008	Transfer #	Cash	15,00,000	10	1.05	11.12	6.39
June 21, 2008	Transfer	Cash	1,35,000	10	2	1.00	0.57
January 18, 2010	Further Allotment	Cash	3,33,340	10	45	2.47	1.42
March 26, 2010	Further Allotment	Cash	1,12,500	10	45	0.83	0.48
SUB – TOTAL (C)			21,50,840			15.94	9.16
GRAND TOTAL (A)+(B)+(C)			90,23,500			66.89	38.41

Shares were acquired from New Era Alkaloids & Export Limited

The above transferors were neither part of the promoters / promoter group nor were related to the promoters in any manner.

5. Details of the promoters' shareholding which would be locked in for a period of three years are given below:

Date of Allotment /Transfer	Nature of Transaction	Nature of Consideration	No of Equity Shares	FV (Rs)	Issue / Transfer Price (Rs)	% of Lock In
Mr. Ravi Vaswani						
February 25, 2005	Further Allotment	Cash	21,12,800	10	10	8.99
January 18, 2010	Further Allotment	Cash	1,20,000	10	45	0.51
SUB - TOTAL (A)			22,32,800			9.50
Mr. Pramod Vaswani						
February 25, 2005	Further Allotment	Cash	9,56,200	10	10	4.07
March 31, 2007	Further Allotment	Cash	2,45,000	10	20	1.04
January 18, 2010	Further Allotment	Cash	6,46,660	10	45	2.75
March 26, 2010	Further Allotment	Cash	1,12,000	10	45	0.48
SUB – TOTAL (B)			19,59,860			8.34
Mr. Yashwant Vaswani						
February 25, 2005	Further Allotment	Cash	60,000	10	10	0.26
January 18, 2010	Further Allotment	Cash	3,33,340	10	45	1.42
March 26, 2010	Further Allotment	Cash	1,12,500	10	45	0.48
SUB – TOTAL (C)			5,05,840			2.16
GRAND TOTAL (A)+(B)+(C)			46,98,500			20.00

Note: 20% of the Post-Issue Paid-up Equity Share Capital, as determined after the book-building process, would be locked-in for a period of three years from the date of allotment. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue. These securities will not be disposed / sold / transferred by the Promoters during the period starting from the date of filing the Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Red Herring Prospectus.

The promoters have undertaken that in case if the issue price were to be fixed at a price higher than the price at which shares have been allotted to the promoters on January 18, 2010 and March 26, 2010 i.e. at

Rs.45/-, they would bring in the differential amount to make the shares eligible for minimum promoters contribution and lock-in.

The Promoters have by a written undertaking consented to have such number of Equity Shares, held by them to be considered as Promoter's contribution and locked-in, which should constitute 20% of the post issue Equity Shares Capital of the Company for a period of three years from the date of Allotment.

Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per regulation 33 of SEBI (ICDR) Regulations 2009.

In addition to 20% of Post Issue Shareholding of our company held by the promoters and locked in for 3 years as specified above, the entire pre issue share capital of our company will be locked in for a period of 1 year from the date of allotment of the issue.

6. We confirm that the Minimum Promoters' Contribution of 20% of the Post-Issue Capital, which is subject to lock-in for Three (3) years, does not consist of:
 - a) Equity Shares acquired within three (3) years before the filing of the Red Herring Prospectus with SEBI for consideration other than cash excluding shares allotted pursuant to the scheme of amalgamation and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources or from bonus issue against equity shares which are ineligible for minimum Promoter's contribution.
 - b) Securities acquired by our promoters, during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the issue.
 - c) Private Placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
 - d) Equity Shares issued to our Promoters on conversion of partnerships firms into limited company.
 - e) Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under SEBI (ICDR) Regulations, 2009.
 - f) Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's Contribution subject to lock-in
 - g) Pledged Equity Shares held by our Promoters.
7. Our Company does not have any Employee Stock Option Scheme /Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

8. Shareholding pattern of our Company Before and After the Issue

The table below presents the Equity Shareholding pattern of our Promoter & Promoter Group Pre - Issue and Post - Issue:

Category Code	Category of Shareholders	No of Shareholders	Pre Issue		Post Issue		Shares Pledged or otherwise encumbered	
			No of Shares	%	No of Shares	%	No of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)* 100
(A)	Shareholding of Promoter							

Category Code	Category of Shareholders	No of Shareholders	Pre Issue		Post Issue		Shares Pledged or otherwise encumbered	
			No of Shares	%	No of Shares	%	No of Shares	As a %
	& Promoter Group							
1	Indian							
(a)	Individuals/Hindu Undivided Family	9	1,34,90,700	100.00	1,34,90,700	57.43	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-
(e)	Any Others (Specify)	-	-	-	-	-	-	-
	Sub Total (A) (1)	9	1,34,90,700	100.00	1,34,90,700	57.43	-	-
2	Foreign							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Others (Specify)	-	-	-	-	-	-	-
	Sub Total (A) (2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	9	1,34,90,700	100.00	1,34,90,700	57.43	-	-
(B)	Public shareholding							
1	Institutions	-	-	-	-	-	-	-
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/Banks	-	-	-	-	-	-	-
(c)	Central Government/State Governments	-	-	-	-	-	-	-
(d)	Venture	-	-	-	-	-	-	-

Category Code	Category of Shareholders	No of Shareholders	Pre Issue		Post Issue		Shares Pledged or otherwise encumbered	
			No of Shares	%	No of Shares	%	No of Shares	As a %
	Capital Funds							
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub Total (B) (1)	-	-	-	-	-	-	-
2	Non Institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-
I	Individual Shareholders holding Nominal Share Capital upto Rs 1 Lac	-	-	-	-	-	-	-
II	Individual Shareholders holding Nominal Share Capital in excess of Rs 1 Lac	-	-	-	-	-	-	-
(c)	Any Other (Specify)	-	-	-	-	-	-	-
	Public Issue	-	-	-	1,00,00,000	42.57	-	-
	Sub Total (B) (2)	-	-	-	1,00,00,000	42.57	-	-
(B)	Total Public Shareholding (B)=(B)(1)+(B) (2)	-	-	-	1,00,00,000	42.57	-	-
	TOTAL (A) + (B)	-	-	-	2,34,90,700	100.00	-	-
(C)	Shares held by custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	9	1,34,90,700	100.00	2,34,90,700	100.00	-	-

9. Details of Top Ten Shareholders

- (i) Top shareholders of Company as on the date of the filing of this Red Herring Prospectus with SEBI are as follows:

Sr.No.	Name	No. of Shares	% to Paid up Capital
1	Mr. Ravi Vaswani	34,02,800	25.22
2	Mr. Pramod Vaswani	34,69,860	25.72
3	Mr. Yashwant Vaswani	21,50,840	15.94
4	Mrs. Manisha Vaswani	15,72,500	11.65
5	Mrs. Juhi Vaswani	15,62,500	11.58
6	Mrs. Sudha Vaswani	12,21,200	9.05
7	Ravi Vaswani HUF	60,000	0.44
8	Mrs. Kritika Vaswani	50,000	0.37
9	Mr. Satish Vaswani	1,000	0.007
	TOTAL	1,34,90,700	100.00

- (ii) Top shareholders of Company as on ten days prior to the filing of this Red Herring Prospectus with SEBI are as follows:

Sr.No.	Name	No. of Shares	% to Paid up Capital
1	Mr. Ravi Vaswani	34,02,800	25.22
2	Mr. Pramod Vaswani	34,69,860	25.72
3	Mr. Yashwant Vaswani	21,50,840	15.94
4	Mrs. Manisha Vaswani	15,72,500	11.65
5	Mrs. Juhi Vaswani	15,62,500	11.58
6	Mrs. Sudha Vaswani	12,21,200	9.05
7	Ravi Vaswani HUF	60,000	0.44
8	Mrs. Kritika Vaswani	50,000	0.37
9	Mr. Satish Vaswani	1,000	0.007
	TOTAL	1,34,90,700	100.00

- (iii) Top Ten shareholders of Company as on 2 years prior to the filing of this Red Herring Prospectus with SEBI are as follows:

Sr.No.	Name	No. of Shares	% to Paid up Capital
1	Mr. Ravi Vaswani	21,22,800	18.84
2	Mr. Pramod Vaswani	27,11,200	24.06
3	Mr. Yashwant Vaswani	17,05,000	15.13
4	Mrs. Sudha Vaswani	10,01,200	8.89
5	Mrs. Manisha Vaswani	15,72,500	13.96
6	Mrs. Juhi Vaswani	15,62,500	13.89
7	Ravi Vaswani HUF	60,000	0.53
8	Shreevar Overseas Limited	50,000	0.44
9	Mrs. Kritika Vaswani	50,000	0.44
10	Mr. Sukhdev Verma	25,000	0.22
	TOTAL	1,08,60,200	96.40

10. There has been no financing arrangement whereby the Directors and/ or their relatives have financed the purchase of Equity Shares of the Company, by any other person during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the SEBI.
11. Our Company, Promoters, Directors or the Book Running Lead Managers have not entered into any buy-back and/ or standby arrangements for purchase of Equity Shares of our Company from any person.
12. The securities which are subject to lock-in shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depositories. The details of lock-in shall be provided to the stock exchanges where the shares are to be listed, before listing of the securities.

13. The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
14. The Equity Shares to be held by the promoter under lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new Promoter(s) or persons in control of our company, subject to the consultation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
15. Equity Shares held by Promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution, subject to the following:
 - a. If the specified securities are locked-in for 3 years in terms of clause (a) of regulation 36 of SEBI (ICDR) Regulations, 2009, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan.
 - b. If the specified securities are locked-in for one year in terms of clause (b) of regulation 36 of SEBI (ICDR) Regulations, 2009 and the pledge of specified securities is one of the terms of sanction of the loan.
16. In the case of over-subscription in all categories, up to 50% of the issue to the Public shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 15% of the issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the issue to the Public to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
17. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. 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. The number of Equity Shares to be issued to the Promoters and subject to lock- in will be determined after finalization of Issue Price. The number of shares to be issued to the Promoters will be such so as to ensure that the minimum contribution of 20% of the Post Issue paid-up capital is made and that the same is locked in for a period of 3 years.
18. Under-subscription, if any, in the Qualified Institutional Buyers category, Non-Institutional category and Retail Individual category would be met with the spill over from any other categories, at the sole discretion of the Company in consultation with the BRLM. If the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to QIB Bidders.
19. Our Company has not raised any bridge loan against the proceeds of the Issue.
20. As of the date of this Red Herring Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
21. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued through the Prospectus are listed or refund of application money.

22. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
23. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant guidelines/regulations etc.
24. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
25. The total number of members of our Company as on the date of filing Red Herring Prospectus is 9.
26. As on date of filing of this Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
27. The Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances, or otherwise under this Issue except as disclosed in this Red Herring Prospectus.
28. Since the entire money of Rs [•] per share (Rs. 10/- face value + Rs. [•] premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.
29. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this issue.
30. None of our Key Management Personnel's, Book Running Lead Manager, or their associates holds any Equity Shares in the Company.
31. None of the Directors, the Promoters, or the Promoter Group have not purchased or sold any securities of our company, during a period of six months preceding the date of filing this Red Herring Prospectus with SEBI.
32. Our Promoters and Promoter Group will not participate in this Issue.

OBJECTS OF THE ISSUE

The Objects of the Issue is to finance:

1. Pre-payment of the Term Loan
2. Long Term Working Capital Requirement
3. General Corporate Purposes
4. Public Issue Expenses

The other objects of the Issue also include creating a public trading market for the Equity shares of our Company by listing them on BSE and NSE.

The main Object Clause of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which funds are being raised by our Company through this Issue.

Use of Issue Proceeds

The following table summarizes the intended use and the schedule of utilisation of the Issue Proceeds:

(Rs in Lacs)		
Sr.No.	Particulars	Total Estimated Cost
1	Pre-payment of the Term Loan	2518.50
2	Long Term Working Capital Requirements	1914.00
3	General Corporate Purposes	[•]
4	Issue Expenses	[•]
	Total	[•]

The fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution or any other independent agency.

Means of Finance

The above mentioned fund requirement will be met from the proceeds of the Issue. Set forth below are the means of finance for the above mentioned fund requirement:

(Rs in Lacs)		
Sr.No.	Particulars	Amount
1	Promoters Contribution*	[•]
2	Proceeds from Initial Public Offer	[•]
3	Internal Accruals	[•]
	Total	[•]

** Promoters Contribution will be brought in only for 13,24,500 equity shares which are forming part of minimum promoters' contribution for Lock in and only if the Issue Price is higher than the Price at which these shares have been allotted to Promoters*

As on date there is no bridge loan or other financial arrangement which may be repaid from the proceeds of the issue.

The objects of the Issue detailed above are intended to be entirely funded from the Issue Proceeds. As a result, there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue, as required under clause 4(g) of the SEBI (ICDR) Regulations.

In the event of variations in the actual utilisation of funds earmarked for the purposes set forth above, increase in the fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. If surplus funds are unavailable, the required financing will be done through internal accruals of cash flows from our operations and debt, as required.

Appraisal Report

The purpose of utilisation of Issue proceeds has not been appraised by any Financial Institution/Bank.

Details of the Objects of the Issue

1. Pre-payment of the Term Loan

Our company has entered into financing arrangements in the form of Term Loan with Union Bank of India and State Bank of India. The amount outstanding as on February 28, 2011 with Union Bank of India is Rs 2062.50 Lacs and with State Bank of India is Rs.1948.00 Lacs.

In order to reduce the leverage and allow flexibility in financial management of our operations, the company intends to pre-pay its entire outstanding of term loans to Union Bank of India and a part portion of amount outstanding to State Bank of India. The pre-payment of term loan through equity infusion will reduce interest outflow on the loans and improve financials of the company. The company intends to utilise Rs. 2518.50 Lacs out of Issue Proceeds towards pre-payment of its outstanding Term Loan amount.

The details of the Term Loans which are proposed to be pre-paid are as under:

Lender Bank	Sanctioned Amount (Rs. In Lacs)	Rate of Interest	Repayment Schedule^ (Rs. In Lacs)	Loan outstanding as on February 28, 2011* (Rs. In Lacs)
Union Bank of India (TL-I)	1250.00	Benchmark Prime Lending Rate less 1.00%	F.Y. 2011-2012 - 150.00	150.00
Union Bank of India (TL-II)	3150.00	Benchmark Prime Lending Rate less 2.00%	F.Y. 2011-2012 - 450.00 F.Y. 2012-2013 - 450.00 F.Y. 2013-2014 - 450.00 F.Y. 2014-2015 - 450.00 F.Y. 2015-2016 - 112.50	1912.50
State Bank of India	2000.00	13.50% per anum	F.Y. 2011-2012 - 156.00 F.Y. 2012-2013 - 300.00	456.00 [#]
TOTAL				2518.50

[^]Excluding Interest

[#] The total outstanding amount as on February 28, 2011 from State Bank of India is Rs 1948.00 Lacs out of which our company has decided to pre pay the part loan amount to the extent of Rs 456.00 Lacs

^{*} As per the certificate by M/s. Sunil Johri & Associates, Chartered Accountants, dated March 28, 2011.

As per the certificate of M/s. Sunil Johri & Associates, Chartered Accountants, dated March 28, 2011, the above term loans have been utilised towards capital expenditure requirements of our Company.

We are required to pay penalty at the rate of 2% on the pre-payment amount under our financing arrangements. For further details on financing arrangements of our Company, please refer to section "Financial Indebtedness" on page no 158. Our company will approach the Union Bank of India after the completion of this Issue for pre-payment of the above term loans.

Utilisation of Term Loans:

Bank: **Union Bank of India, Term Loan - I**

Sanctioned Amount: **Rs 1250.00 Lacs**

Disbursed Amount: **Rs 1250.00 Lacs**

Purpose of Loan: **Expansion of Sponge Iron Division**

Funds Utilised for the above purpose:

(Rs in Lacs)				
Building & CWIP	Plant & Machinery	Furniture	Miscellaneous	Total
286.86	956.13	3.39	3.62	1250.00

Bank: **Union Bank of India, Term Loan - II**

Sanctioned Amount: **Rs 3150.00 Lacs**

Disbursed Amount: **Rs 3150.00 Lacs**

Purpose of Loan: **Expansion of Power Division**

Funds Utilised for the above purpose:

(Rs in Lacs)				
Building & CWIP	Plant & Machinery	Furniture	Miscellaneous	Total
422.38	2714.62	1.95	11.05	3150.00

Bank: **State Bank of India, Term Loan**

Sanctioned Amount: **Rs 2000.00 Lacs**

Disbursed Amount: **Rs 1973.92 Lacs**

Purpose of Loan: **Expansion of Power & Sponge Iron Division**

Funds Utilised for the above purpose:

(Rs in Lacs)			
Building & CWIP	Plant & Machinery	Furniture	Total
126.30	1807.40	40.22	1973.92

2. Long Term Working Capital Requirements

The Company operates in the industry wherein the requirement of working capital is intensive. The details of working capital requirement & its funding for March 31, 2011 and March 31, 2012 are as follows:

(Rs in Lacs)			
Particulars	March 31, 2011 (Provisional)	Holding Period (Days)	March 31, 2012 (Estimated)
Current Assets:			
Raw Material	985.00	45	2,000.00
Finished Goods	300.00	15	736.00
Debtors	1,600.00	30	1,813.00
Advance to Suppliers	1,100.00	30	1,325.00
Other Current Assets	300.00	15	690.00
Sub-Total (A)	4,285.00		6,564.00
Current Liabilities:			
Creditors-Goods & Other Expenses	742.00	25	1,107.00
Sub-Total (B)	742.00		1,107.00
Working Capital Gap (A-B)	3,543.00		5,457.00
Net Working Capital (Projected)	1,043.00		1,043.00
Bank Finance Available	2,500.00		2,500.00
Additional Fund Required (To be financed through this Public Issue)	-		1,914.00

Presently, our company is enjoying combined sanctioned working capital limits of Rs. 2500.00 Lacs (Union Bank of India - Rs. 1500.00 Lacs, State Bank of India - Rs. 300.00 Lacs and IDBI Bank - Rs. 700.00 Lacs) and we are proposing to meet the additional funds requirement for the FY 2010-2011 and FY 2011-2012 from the proceeds of the Issue.

All the above projections are based on management estimates and have not been appraised by any bank or financial institution.

The capacity utilisation in the year 2009-2010 for Sponge Iron was 53% approx and for Steel Billets and Ingots was 12% approx. The Issuer Company is planning to increase production capacities of Sponge Iron & Steel Billets and Ingots during the current & future years. The working capital requirement would

increase proposed with the increase in production. The additional working capital will be in consonance with the Industry practice, past trends and to meet the Issuer's growth plans.

3. General Corporate Purposes

We intend to use a part of Issue Proceeds, approximately Rs. [•] Lacs, towards General Corporate Purposes to drive our business growth. Our Company proposes to utilise not more than 10% of the total Issue Size for general corporate purposes including acquisitions, investments and joint ventures. Going forward, Issuer Company believes that acquisition/investments/joint ventures will allow them to increase their spread in other parts of the country and give them strength to compete in their business domain. In this respect, Issuer Company is examining opportunities at various locations. The company is in the process of identifying possible targets and may initiate discussion at appropriate time, when likely and viable targets are identified. The initiative will be governed by medium to long term goals and other business objectives. As of the date of this Red Herring Prospectus, we have not yet entered into any definitive commitment for any Acquisition, Investment or Joint Venture for which we intend to use the Issue Proceeds.

Our management, in accordance with the policies of the Board, will have the flexibility in utilising the amount earmarked for General Corporate Purposes and any surplus amount from Issue Proceeds.

4. Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. [•] Lacs. The estimated Issue Expenses are as follows:

(Rs. in Lacs)

Activity	Estimated Expenses	As a percentage of the total estimated Issue expenses	As a percentage of the total Issue size
Fees payable to the Book Running Lead Managers, Syndicate Member(s) Fees*	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Fees payable to the Registrar to the Issue	[•]	[•]	[•]
Underwriting commission, brokerage and selling commission	[•]	[•]	[•]
SCSB commission	[•]	[•]	[•]
IPO Grading expense	[•]	[•]	[•]
Others (legal fees, listing fees, monitoring agency fees, printing and stationery expenses etc.)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

* Will be incorporated at the time of filing of the Prospectus

All expenses with respect to this Issue will be borne by our Company.

Schedule of Implementation and Deployment of Funds

Our company proposes to deploy Issue proceeds in the aforesaid Objects in the current and next Financial Year. Detailed below are the estimated schedule of deployment of funds and the schedule of implementation of the Objects:

(Rs in Lacs)

Sr. No.	Objects	Funds Already Deployed till February 28, 2011	March 31, 2012	TOTAL
1	Pre-payment of the Term Loan	-	2518.50	2518.50
2	Long Term Working Capital Requirements	-	1914.00	1914.00
3	General Corporate Purpose	-	[•]	[•]
4	Issue Expenses	45.69	[•]	[•]

Monitoring of Utilisation of Funds

As our Issue size is less than Rs. 500 Crores. Therefore, in terms of the SEBI (ICDR) Regulations 2009, appointment of a monitoring agency for the purposes of this issue is not mandatory and hence no monitoring agency is being appointed for this Issue.

As per the requirements of Clause 49 of the Listing Agreement, the Audit Committee appointed by our Board of Directors will be monitoring the utilisation of the Issue proceeds. We will disclose the utilisation of the proceeds including interim use of funds in our quarterly financial disclosures and Annual audited financial statements. The said disclosure shall be made till such time that the full proceeds raised through the Issue have been utilised. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in the Red Herring Prospectus.

No part of this Issue proceeds will be paid by us as consideration to our Promoters, Directors, key managerial personnel or entities promoted by our Promoter, save and except in the normal course of business.

BASIC TERMS OF THE ISSUE

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

Terms of Payment

Applications should be for a minimum of 120 Equity Shares and in multiples of 120 Equity Shares thereafter. The entire price of the Equity Shares of Rs [•] per share (Rs 10/- face value + Rs. [•] premium) is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on January 18, 2010 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of shareholders held on February 20, 2010.

The Company has obtained in-principle listing approvals dated November 04, 2010 and December 31, 2010 from the BSE and the NSE, respectively.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. For further details of the Articles of Association of our company please refer to section titled “*Main Provisions of the Articles of Association*” beginning on page no 214 of this Red Herring Prospectus.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Price Band: Rs [•] to Rs [•] per Equity shares of Face Value of Rs 10/- each. The Floor Price is [•] times of the Face Value and the Cap Price is [•] times the Face Value.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of one (1) Equity Share subject to a minimum allotment of 120 Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the members of the Syndicate/underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

Further, in accordance with sub-regulation (4) of regulation 26 of the SEBI (ICDR) Regulations we shall ensure that the number of prospective allottees to whom the Equity Shares allotted will not be less than 1,000. If number of allottees in the proposed issue is less than 1,000 allottees, our company shall forthwith refund the entire subscription amount received. If there is delay beyond eight (8) days after our company become liable to refund the subscription amount (i.e. 60 days from the Bid Closing Date), our company shall pay interest prescribed under section 73 of the Companies Act.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the "Risk Factors" included beginning from page no 11 and the details about "Our Business" and its "Financial Statements" included in this Red Herring Prospectus beginning on page no 84 & 129 respectively. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

The Issue Price will be determined by our Company in consultation with BRLM on the basis of assessment of market demand for the equity shares offered by our Company by way of book building.

Qualitative Factors

1. Focus on quality and manufacturing strategy;
2. Lean and cost efficient manufacturing processes;
3. Experienced management with project execution skills;
4. Procurement Expertise;
5. Excellent Relationship with customers;

Quantitative Factors

1. Weighted average Earnings Per Equity Share

Year Ended	EPS	Weight
March 31, 2010	3.15	3
March 31, 2009	3.63	2
March 31, 2008	3.19	1
Weighted Average EPS	3.32	
Seven months period ended October 31, 2010*	2.00	

* Not Annualised

Notes:

- (i) EPS represents adjusted earnings per share calculated as per Accounting Standard 20 issued by Institute of Chartered Accountants of India.
- (ii) The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time-weighting factor. The time-weighting factor is number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.
- (iii) The figures disclosed above are based on the Restated Financial Statements of our company.
- (iv) The face value of each Equity Shares is Rs 10/-.

2. Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. [•] per share

Particulars	Issue Price of Rs [•] per share
Based on March 31, 2010 EPS of Rs 3.15	Rs. [•]
Based on Weighted Average EPS of Rs 3.32	Rs. [•]

Industry P/E

Particulars	
Highest	31.60
Lowest	5.50
Industry Composite	27.40

(Source: Capital Market volume XXVI/02, March 21-April 03, 2011; Segment: Steel-Sponge Iron)

3. Return on Net Worth

Year Ended	Return on Net Worth (%)	Weight
March 31, 2010	9.29	3
March 31, 2009	15.57	2
March 31, 2008	14.48	1

Weighted Average Return on Net Worth	12.25	
Seven months period ended October 31, 2010	6.37	

* Not Annualised

4. **Minimum Return on total Net Worth after the Issue required to maintain the Pre-Issue EPS of Rs. 3.15 for the year ended March 31, 2010 is [•]%**
(Based on the Restated Financial Statement)

5. **Net Asset Value (NAV) per Equity Share (face value of Rs. 10/- each)**

Particulars	NAV (Rs)
As on March 31, 2010	29.38
Pre Issue (as on October 31, 2010)	31.35
Issue Price*	[•]
After Issue	[•]

* Would be finalised after discovery of the Issue Price through Book building Process

6. **Comparison with Industry Peers**

Name	FV	EPS	RONW (%)	BV (Rs.)	P/E
MSP Steel and Power Limited	10	5.50	16.30	38.50	6.40
(Source: Capital Market volume XXVI/02, Mar 21-Apr 03, 2011; Segment: Steel-Sponge Iron)					
Godawari Power & Ispat Ltd.	10	18.00	11.20	170.90	7.40
(Source: Capital Market volume XXVI/02, Mar 21-Apr 03, 2011; Segment: Steel-Medium/Small)					
Vaswani Industries Ltd	10	3.15	9.29	29.38	[•]

Note: The ratios mentioned above for peer group are based on the standalone audited financials for the fiscal 2010 and for Our Company is based on the restated audited standalone audited financials for the fiscal 2010.

7. **The face value of Equity Shares of Vaswani Industries Limited is Rs. 10/- and the Issue Price is [•] time of the Face Value.**

The Issue Price of Rs. [•] has been determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors. The BRLM believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "Risk Factors" and "Restated Financial Information" beginning on page no 11 and 129 respectively, to have a more informed view.

STATEMENT OF TAX BENEFITS

To
Board of Directors
Vaswani Industries Limited
MIG-4, Indrawati Colony,
Raipur,
Chhattisgarh-492 001

Dear Sirs,

Sub: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Vaswani Industries Ltd (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 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 and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Further, we have also incorporated the amendments brought out by the Finance Act, 2010, where applicable.

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 revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

The contents of this annexure(s) 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. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

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

For Sunil Johri & Associates
Chartered Accountants

(Sunil Johri)
Partner
Membership No. 74654
Registration No: 005960C

Place: Raipur
Date: September 15, 2010

Annexure to the Statement of Tax Benefits:

As per the existing provisions of the Income Tax Act, 1961 (The Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Vaswani Industries Limited and its shareholders. These benefits are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective act.

A. To the Company:

Special Tax Benefits:

None

General Tax Benefits:

Under Section 80IA(4)(iv), Deduction of an amount equal to hundred per cent of profits and gains for ten consecutive assessment years out of 15 consecutive Assessment years derived from generation or generation and distribution of Power, starting from the Assessment Year in which the Production of Power is commenced

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.

Under section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

Under Section 32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.

The Company is eligible for amortization of preliminary expenses being the expenditure on public Issue of share under Section 35D (2) (c) (iv) of the Act, subject to limits specified in sub section (3).

As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50.00 Lacs.

However, if the assessee transfers or converts the long term specified asset 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 long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- (i) National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or
- (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

As per Section 111A of the Income Tax Act, 1961 short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

B. Benefits available to Resident Shareholders:

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

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

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

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

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

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

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

The Issue of shares by the Company being an eligible Issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED. However, there is a legal uncertainty over whether the benefit under this section can be extended to 40 shares forming part of the offer for the sale by the existing shareholders.

Under section 72(1) of the Act, where for any assessment year, the net result of the computation under the head "Profits & Gains of Business or Profession" is a loss to the company, not being loss sustained in a speculation business, and such loss cannot be and is not wholly set off against income from any other head of income for the same year, the same shall be eligible to be carried forward; and such loss carried forward shall be available for set off against income from business under head "Profits & Gains of Business or Profession" only for subsequent years. As per section 72(3) of the Act, the loss carried forward can be set off subject to a limit of 8 assessment years immediately succeeding the assessment year for which the loss was first computed.

D. Benefits available to Mutual Funds:

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

E. Benefits available to Foreign Institutional Investors ('FIIs'):

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

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

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

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

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

Under section 115AD (1) (ii) of the Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The Finance Act, 2008, has brought in an amendment to the effect that from Assessment Year 2009-2010, the rate of 10 percent stands increased to 15 percent. The above rates are to be increased by applicable surcharge and education cess.

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

As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

F. Benefits available to Venture Capital Companies / Funds:

Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

C. Benefits available to Non-Resident Indians/Non-Resident Indian Shareholders (other than Mutual Funds, FIIs and Foreign Venture Capital Investors):

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

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

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

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

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

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

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

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax

subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

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

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

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

Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), 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 into money within three years from the date of their acquisition.

Non-resident Indians have an option to be governed by the special provisions of Chapter XII A of the Act according to which:

1. Under Section 115 G of the Act, it shall not be necessary for the Non-resident Indians to furnish their return of Income, under section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII B has been deducted from such income.
2. The benefit conferred on a Non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the IT Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in respect of investment income derived from foreign exchange asset vide Section 115 H of the Act, until the Transfer or conversion (otherwise than by transfer) into money of such assets.
3. Under Section 115-1 of the Act, a Non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not to be governed by the above mentioned special provisions of chapter XII-A, then he will be entitle to tax benefits available to resident individuals.

G. Wealth Tax

The Shares held in a Company are not liable to Wealth Tax under the Wealth Tax Act, 1957.

H. Gift Tax

The Gift Tax Act 1958 ceases to apply to gifts made on or after October 01, 1998. Gifts of shares of the Company would therefore, be exempt from Gift Tax.

The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company; the Book Running Lead Manager and their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information.

Overview

Sponge Iron Industry

Evolution of the Sponge Iron Industry

Though the industrial application of sponge iron started early in the 1950s, it could not fulfil industry expectations at that time, being used as a supplementary material for feeding blast furnaces especially in gas based Sponge Iron plants. Blast Furnace capacities increased from 0.7 million tons per annum in 1960s to over 4 million tons per annum. Today, the largest gas based sponge iron module available is approx. 2.7 million tonnes per annum.

However, the environmental requirements and the capital cost required to set up new integrated steel plants have their own draw backs. In light of this, coal based sponge iron technology now indicates a new direction, particularly for Indian steel making conditions.

A coal based sponge iron plant was first built in 1980 at a place called Paloncha in Andhra Pradesh which had a capacity of just 0.03 million tons per annum. In a span of 20 years, the industry has grown rapidly and the present estimated capacity is nearly 4.5 million tons. The industry has become well developed and is presently operating in eight different States of India. Numerous key developments that have taken place have made the coal based sponge iron technology more successful.

Some of the key innovations are discussed below:

Capital requirement:

In the Initial years, nearly 80% of the equipments required were imported. Presently, large scale indigenization has taken place and for a 1, 20,000 TPA module 100% indigenized equipment is available and for a 1, 50,000 TPA module only the kiln tyres and support rollers have to be imported. This has reduced the capital expenditure related costs considerably.

The sponge iron plants can also be set up quite rapidly and it now takes just 18 months to go on stream for a major plant. It also has a very low gestation period.

Raw materials:

The main raw materials required are suitable iron ore, coal, dolomite and power and the details of the same are summarized hereunder:

- **Iron ore:** The iron ore used is hematite with an Iron (Fe) content of 62-66% having low decrepitating characteristics. In the initial days, the iron ore size was kept at 5-20 mm and used to wash away in a scrubber, but presently it has become a standard norm to use 5-18 mm ore as feed for a large kiln without scrubbing and/or washing. This has resulted in reducing the cost of iron ore fed to the kiln. The consumption of iron ore has also decreased from about 1600 KG per ton of sponge iron to 1500 KG levels mainly due to a better understanding of the process, improvements of the equipment and increased levels of automation.

- **Coal:** Non-coking coal is being used having certain important parameters considered necessary for the direct reduction of iron ore viz. reactivity, ash softening temperature, caking and swelling indices and sulphur content, etc. In India the availability of these coals is very low due to Government monopoly even though abundant resources of non-coking coal are available. Initially, only 'B' grade coals were being consumed whose availability has now become scarce. The industry has successfully adopted measures to utilize 'C' and 'D' grade coals through better process control, installing raw material heating systems, shale picking belts and coal washing plants. With these measures the *coal cost has been reduced by nearly 20-30% when compared with the usage of 'B' grade coal.
- **Dolomite:** Dolomite is mainly used as a de-sulphurising agent to prevent the pickup of sulphur by the sponge iron from the sulphur released by the burning of coal inside the furnace. The initial specifications for dolomite were 1-4 mm, later it was found that 4-8 mm dolomite was far more suitable by which the consumption can be reduced by 50%. This was mainly due to the fact that lot of dolomite fines were being lost to waste gases and with 4-8 mm fraction this loss was minimized.
- **Power:** The initial plants were high power consuming units mainly due to the wet waste gas cleaning, relay operated drives with low levels of automation, etc. The power consumption levels used to be 110-130 units per ton of sponge iron, with the advent of a dry gas cleaning system (electro-static precipitator), programmable logic operated drives and computers replacing the giant panels, the power consumption has been curtailed to 80-90 units per ton of sponge iron.

Yield:

The yield levels have increased considerably. Thanks mainly to the secondary steel sector and induction furnaces for using sponge iron fines. This fraction mainly –1mm initially used to be contaminated with fine non-magnetic dust particles and was presumed not fit for use, but with the development of powerful magnetic separators even this fraction has become useable. In fact, in induction furnaces, sponge iron fines are occasionally preferred over lumps due to their higher metallization. Simpler layouts have also helped in minimizing material handling losses.

Campaign Days/Capacity Utilisation:

In coal based sponge iron plants, campaign days are defined as the continuous operation of the kiln between two shutdowns of the kiln. Kiln shutdowns require a complete removal of materials from the kiln and cooling of the kiln for maintenance and accretion breaking. After completion of the shutdown activities, the kiln is initially lighted up with oil, after which coal feeding is started only when desired temperatures have been reached. Then Iron ore feeding is begun. The period from ore feed stop to the restart of ore feed is normally taken as the shutdown period.

During the initial years, when understanding of the process and characteristics of the available raw materials was low, the operating campaign days used to be generally less than 100 days per campaign. Over the years, this has increased more than 175 days in well established plants. As the campaign days increase in a given financial year, it automatically increases the capacity utilisation of the plant. The capacity utilisation levels which used to be at 85-90% have now consistently crossed 100% in well established plants.

(Source: www.steelworld.com, Research Papers)

Sponge Iron Industry in India

India is the largest producer of sponge iron in the world with total production in the last year, i.e. 2009 being 20.96 million tons. This implies almost 30% growth in production from previous year, i.e. 2007, where production was 16.27 million tons. The major factors for the growth of the Sponge Iron Industry has been the availability of iron ore and non-coking coal – inputs used in its manufacture and the demand for steel in the country.

(Source: Ministry of Steel, Annual Report 2009-2010)

Sponge iron, also called Direct-Reduced Iron (DRI), is produced from direct reduction of iron ore (in the form of lumps, pellets or fines) by reducing gas produced from natural gas or coal. The reducing gas is a mixture majority of Hydrogen (H₂) and Carbon Monoxide (CO) which acts as reducing agent. This process of directly reducing the iron ore in solid form by reducing gases is called direct reduction.



Sponge iron is used in the manufacture of steel. Its significance has increased in recent times due to capital intensive nature of other steel – making methods. Not only is the cost of setting up steel plant with blast furnace very high, these plants have high power consumption. Even in sponge iron route, it is more economical to put up coal-based sponge iron units and not gas-based units. India has an estimated of 200 sponge – iron units, of which more than 100 are coal – based units

Sponge Iron Production over recent periods shows the difference between coal – based & gas – based units.

Indian Sponge Iron Production 4 Quarters 2009-2010

						(Tons)
		1 st Qtr (Apr – Jun)	2 nd Qtr (Jul – Sep)	3 rd Qtr (Oct – Dec)	4 th Qtr (Jan-Mar)	Total (Apr – Mar)
Gas based	–	1590753	1454317	1554751	1572392	6172213
Coal based	–	4161349	4097387	4203572	4359051	16821359
Total		5752102	5551704	5758323	5931443	22993572

(Source: Sponge Iron Manufacturers Association, FY 2009-2010)

As the financial crisis hit the global economy, the Direct Reduction Industry was hit as hard as other sectors. Nonetheless, due to the fact that the downturn only occurred in the final months of the year and in that, production earlier in the year was at record levels, the overall global production of DRI in 2008 slightly exceeded the previous maximum, by about 2%. Even here India led all nations, making 21.2 million tons. The next five in order were Iran at 7.5 million tons, Venezuela at 6.9 million tons, Mexico at 6.0 million tons, Saudi Arabia at 5.0 million tons and Russia at 4.6 million tons.

(Source: Ministry of Steel, Annual Report 2009-2010; World Steel Association, Statistical Archives)

Within wide-spread fear of capacity reduction with the closure of many unviable small units the industry maintained its growth till October, 2008. Though the slow down prospect cannot be defied, the growth of the industry is expected to remain robust in the coming future.

Price Scenario in India

Though the Sponge Iron Industry managed to keep shore in the turbulence of the financial crisis, its price was severely hit. The main reason for Sponge industry to remain stable even in falling prices was the low availability of indigenous steel & ferrous scrap worldwide. In the search of low cost alternative raw material, the sponge iron came out strong as the beneficial alternative, for which technical complicity was negligible and thus within a short time took over the majority share of metallic pool resources for large scale usage in producing steel in small to medium scale producing through Induction or Arc furnace route. The demand for steel in the last decade and the low capital intensity of sponge iron industry fuelled the scorching pace of growth for the industry. India has a major presence in the Sponge Iron production as compared to Scrap & Indian producers cashed on this advantage.

(Source: Sponge Iron Manufacturers Association)

As Global economy prepares for a revival, 2009 saw prices of coal based sponge iron in May 2009 increase across Indian markets. Prices were highest in the Delhi market @ Rs.17, 000 per ton and lowest in the Chennai market @ Rs.14, 560 per ton.

Indian Sponge Iron Industry in a Global Perspective

India, in the area of Sponge Iron, needs an industry-wise consolidation. Consolidation of the industry will help the industry in the long run. Steel manufacturers are the major consumers of sponge iron, with a growing significance of the secondary steel manufacturers. The primary steel manufacturers produce about 30 million ton of steel per annum while the secondary steel producers in all across the country also manufacture equal quantity of steel based products.

With the growth in steel industry and more growth expected in the secondary sector faster as those are less capital intensive and with lower level of technical intricacies. Last few years India registered higher demand growth compared to the capacity growth and with the overall growth of Indian economy the growth of steel industry expected to remain unabated. Demand of sponge iron is synonymous with the secondary steel industry subjected to other factors remaining same and hence industry should logically be quite optimistic.

India has maintained highest production share in the world DRI industry even in times of recent turmoil.

Comparison of Sponge Iron Production

(In '000 tons)

	Dec'08	Dec'09	Change	Jan – Dec 08	Jan – Dec 09	Change
World Production	3803	4902	28.90%	56767	53562	-5.64%
India Production	1700	1815	6.76%	20150	21035	4.39%
India's % Share	44.70%	37.03%		35.50%	39.27%	

(Source: World Steel Association, Statistical Archives)

Last year, the Sponge Iron or DRI production amongst the top producers is recorded in the below table. India is way ahead in production of DRI than compared to other producers of it in the world.

Top 10 DRI Production Apr – Mar 2009-10

Country	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
India	1740	1800	1750	1810	1750	1700	1760	1756	1815	1722	1691	1718
Iran	748	719	704	681	609	630	650	630	640	755	746	725
Venezuela	520	540	520	367	365	452	440	475	474	475	465	380
Saudi Arabia	383	433	448	448	320	453	445	440	451	452	344	467
Mexico	275	394	359	375	249	295	463	450	450	425	443	490
Qatar	122	184	180	190	190	185	190	185	190	67	159	180
South Africa	100	110	105	110	110	146	150	145	150	155	140	155
Trinidad & Tobago	50	93	88	95	135	150	123	129	126	160	161	180
Libya	85	38	95	96	98	144	61	136	140	150	107	124
Argentina	79	50	46	24	3	72	138	115	137	151	130	161
Canada	18	-	-	-	-	30	56	58	58	59	49	53
Peru	10	10	10	8	6	6	6	7	9	9	8	10

(Source: World Steel Association, Statistics)

Future of Indian Sponge Industry

The future for the Indian Sponge Industry is expected to be good and experts predict Sponge Iron the next biggest raw material for Steel. National Steel Policy issued by the Ministry of Steel forecasts DRI requirement in 2010-11 to about 18 million tons and expects the requirement to reach 30 million tons by 2020.

The prospects also look good as the main raw material for Sponge Iron, Iron Ore, is currently not facing any shortages in reserves. However, experts believe that to sustain this growth, Indian Sponge Industry should concentrate on installing and running pollution control equipment meeting the ecological norms.

POWER INDUSTRY

Evolution of the Power Sector

After Independence, the country was faced with capacity restraint. India adopted a socialist structure for economic growth and all the major industries were controlled by public sector enterprises. By 1970's India had nationalized most of its energy assets, due to its commitment to social goals. By the late 1980's the Indian economy felt the strain of the socialist agenda followed since independence. Faced with a serious deterioration in public finance and balance of payment crisis, the Union government as part of its policy of economic liberalization allowed greater investment by private sector in the power industry.

Understanding the critical part played by the power industry which was plagued by continued power shortages, poor operational performance and precarious financial situation of State Electricity Boards (SEBs), the Union Government passed several laws and restructured the Power Industry to gear it up to meet the challenges posed to the Indian economy post Liberalization.

Power sector reform and introduction of a regulatory framework was proposed as one possible solution to improve the SEBs' finances. In 1995, these measures were further strengthened by a Mega Power Policy, whereby plants above 1000MW capacity would receive additional incentives in the form of a 10-year tax holiday, exemption of customs duty for imports, reduced hassles for clearances, etc. This also provided for the setting up of Power Trading Corporation (PTC) to act as an intermediary between the private developers of mega projects and the SEBs. Though independent power producers (IPPs) evinced interest for adding generation capacity for about 95,000MW, only 6500MW was added during the eighth and ninth five-year plans (1992–2002)

Electricity Bill 2001

Learning from the experience gained through various reform initiatives, the Indian government passed the Electricity Bill 2001. The Bill seeks to

- Consolidate and rationalize existing laws.
- To address the issues of developing industry including regulation, power trading, non discriminatory open access, choice of dispensing with vertically integrated state enterprises and encouraging private enterprise.

Energy Conservation Act 2001

The Act was enacted by the Indian government to facilitate stringent steps to ensure the efficient use of energy and its conservation. A Bureau of Energy Efficiency was set up to monitor and regulate the Power Industry according to the provisions of the act.

Indian power sector or the power industry in India comprises of the various governmental bodies looking after the power systems in India, power generation industry and power technologies in India.

Indian power sector comes under the Ministry of Power. In 1992, the Ministry of Power started working independently with work areas covering planning and strategizing the Indian power projects and policies. Besides, the MoP also undertakes power management and implementation of the various power projects undertaken, formulation and amendments of the power laws in India, management of the power supply in India, monitoring of the power plants, power companies in India, power generation in India. The Ministry

of Power (MoP) is coordinated by Central Electricity Authority (CEA) in all technical and economic aspects. Along with the CEA, other subsidiary organizations of the MoP are:

- National Thermal Power Corporation (NTPC)
- National Hydro Electric Corporation (NHEC)
- Power Finance Corporation of India (PFCI)
- Nuclear Power Corporation of India Limited
- North Eastern Electric Power Corporation (NEEPC)
- Rural Electrification Corporation (REC)
- Damodar Valley Corporation (DVC)
- Bhakra Beas Management Board (BBMB)
- Tehri Hydro Development Corporation (THDC)
- Satluj Jal Vidyut Nigam (SJVN)
- Power Grid Corporation of India Ltd (Power Grid India)
- Power Trading Corporation (PTC)
- Bureau of Energy Efficiency (BEE)

Indian Power Industry

The Indian economy is growing at one of the fastest rates in the world. This leads to a high demand for additional power. With this growing demand, there is ample scope for power sector in India to grow to new heights. India's demand for energy has grown at an average of 3.6% per annum over the past 30 years.

However, the main problem in India is that power consumption rate is growing at faster rate than the power generation capacity. In the five years to March 2007, India added 21,080 megawatts of electricity-generating capacity, compared with a government target of 41,110 megawatts for that period. The need of the hour for India is greater private investments in the electricity sector, without which meeting power requirement targets would be difficult. With the recently concluded nuclear pact between USA and India, on the heels of a civilian nuclear deal between India and France, more foreign investment in India's energy sector is expected.

Power generation capabilities

Coal based sponge iron technology has gained higher economic viability by its ability to generate a considerable quantity of electricity through use of hot waste gases and kiln waste (char) materials.

In coal based sponge iron technology, the furnace (rotary kiln) fulfils various functions. It is used as a conveying, mixing and charring unit, as a heat exchanger and as a reactor for coal gasification and iron ore reduction. The advantage of these applications from single equipment in the rotary kiln, is partly offset since basically, the kiln is considered to be a poor heat exchanger. This is due to the reduced contact of gas and solids when compared with a shaft furnace resulting in high waste gas energy losses. In coal based sponge iron kilns, depending on the quality of reductant (coal) used, about 60% of the total heat input is utilized in the reduction process. About 40% of the heat input is discharged with the kiln waste gases and the kiln materials in the form of sensible or chemical heat. The hot waste gas and char produced thus contain considerable energy saving potentials. After deducting the internal power consumption, approximately 400-500 Kwh of electric energy (depending on the reduction agent used) can be produced per ton of Fe by utilizing the heat content of the kiln waste gases. This energy can be used for reducing the total external power requirement of about 900 Kwh/t of billets for melting sponge iron in electric arc furnaces or in induction furnaces under Indian conditions.

The cost of captive power generation through kiln waste gases in India will be similar to hydel power generation costs. The cost difference between external energy and internal energy has a direct influence on the price of steel produced.

By burning coal fines, coal washery rejects and the non-magnetic kiln discharge (char) in a fluidized bed boiler, steam can be generated which can in turn be used for power generation. At present in India such boilers are in successful operation at Jindal Steel & Power Limited (Chhattisgarh), Prakash Industries Limited (Chhattisgarh), Bihar Sponge Iron Limited (Jharkhand) and Sunflag Iron & Steel Company Limited

(Maharashtra). Few more coal based sponge iron plants are contemplating the setting up of similar boilers, including Tata Sponge Iron Limited (Orissa).

Today more and more units are based on Direct Reduction/Electric Arc Furnace route and many major steel producers in the country have taken to this route of steel making to add steel capacities. For existing integrated steel plants based on the conventional Blast Furnace route, building captive Direct Reduction units would be an easier and viable option to increase their capacities without building additional and expensive coke making facilities.

(Source: Steel World Association)

The below mentioned statistics show the current trends in Indian power sector.

Installed Power Generation Capacity (As on 31-03-2010) (Sector-Wise)

All India	Thermal				Nuclear	Hydro	RES (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	84198.38	17055.85	1199.75	102453.98	4560.0	36863.4	15521.1	159398.49
%age	52.8	10.7	0.8	64.3	2.9	23.1	9.7	100

(Source: Central Electricity Authority Report, March 2010)

In India, Power Generation is divided under divisional heads, namely, State Department, Central Department and the Private Sector. Total power generation installed capacity in terms of different divisions is shown in the table below:

Installed Power Generation Capacity (As on 30-03-2010) (Division-Wise)

Division	MW	% age Capacity
State Department	79391.85	49.8
Central Department	50992.63	32.0
Private Sector	29014.1	18.2
Total	159398.49	100

(Source: Central Electricity Authority Report, Jan, 2010)

The Central Electricity Authority (CEA) periodically estimates the power requirement in the country. With the growing population, Industries and thus growing demand for electricity, the CEA has set a target for capacity addition to be achieved in the 11th Economic Plan.

Capacity Addition Target 11th Plan

(MW)

Type/Sector	Central	State	Private	Total
Thermal	24840	23301	11552	59693
Hydro	8654	3482	3491	15627
Nuclear	3380	0	0	3380
Total	36874	26783	15043	78700

(Source: Central Electricity Authority Report, Jan 2010)

Such Targets were set up in the past too by CEA and the table below shows the targets set & simultaneously achieved during the period of Apr-Mar 2009 & Apr-Mar 2010.

Capacity Addition Achieved in 2009 & 2010

(MW)

	Apr-Mar 2009		Deviation	Apr-Mar 2010		Deviation
	Target	Achieved		Target	Achieved	
Thermal	9304.2	2484.7	-6819.5	13002.0	9106.0	-3896.0
Hydro	1097.0	969.0	-128.0	845.0	39.0	-806.0
Nuclear	660.0	0.0	-660.0	660.0	440.0	-220.0
RES	0.0	0.0	0.0	0.0	0.0	0.0
Total	11061.2	3453.7	-7607.5	14507.0	9585.0	-4922.0

(Source: Central Electricity Authority Report, 2009 & 2010)

As seen from the table, target realization has been much enhanced in the current year as compared to 2008. While the installed power generation capacity of India in December 2009 stood at 156,092 MW, the per capita power consumption in FY 2007-08 stood at approximately 717 kW.

(Source: Central Electricity Authority, 17th Electric Power Survey of India)

About 65% of the electricity consumed in India is generated by thermal power plants, 24% by hydro-electric power plants and 3% by nuclear power plants. More than 50% of India's commercial energy demand is met through the country's vast coal reserves. India has invested heavily in recent years on renewable sources of energy such as wind energy. As of 2008, India's installed wind power generation capacity stood at 9,655 MW. Additionally, India has committed massive amount of funds for the construction of various nuclear reactors which would generate at least 30,000 MW. In July 2009, India unveiled a \$19 billion plan to produce 20,000 MW of solar power by 2020. These targets and investments are required as ministry of Power has estimated the demand for electricity to reach 400,000 by 2020 and 950,000 MW by 2030.

Transmission & Distribution (T&D)

Transmission of electricity is defined as bulk transfer of power over a long distance at high voltage, generally of 132kV and above. The entire country has been divided into five regions for transmission systems, namely, Northern Region, North Eastern Region, Eastern Region, Southern Region and Western Region. The Interconnected transmission system within each region is also called the regional grid.

The transmission system planning in the country, in the past, had traditionally been linked to generation projects as part of the evacuation system. Ability of the power system to safely withstand a contingency without generation rescheduling or load-shedding was the main criteria for planning the transmission system. However, due to various reasons such as spatial development of load in the network, non-commissioning of load centre generating units originally planned and deficit in reactive compensation, certain pockets in the power system could not safely operate even under normal conditions. This had necessitated backing down of generation and operating at a lower load generation balance in the past. Transmission planning has therefore moved away from the earlier generation evacuation system planning to integrate system planning.

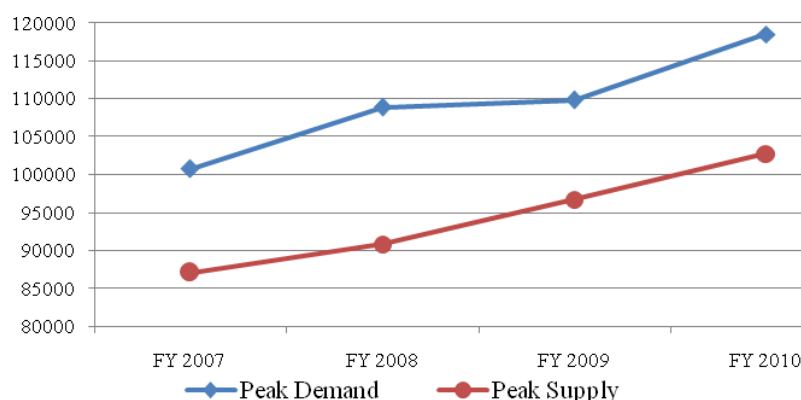
Total Power Supply Scenario as of March, 2010 as per different transmission sectors is given in the table below:

Power supply Position 2009-10 (Apr 2009 - Mar 2010)

Region	Energy Requirement (MU)	Energy Availability (MU)	Deficit %
Northern	253,803	224,447	-11.6%
Western	258,551	223,153	-13.7%
Southern	220,557	206,525	-6.4%
Eastern	88,040	84,054	-4.5%
North Eastern	9,349	8,315	-11.1%
All India	830,300	746,493	-10.1%

(Source: Central Electricity Authority Report, Mar 2010)

Power Demand – Supply Gap



(Source: Central Electricity Authority Report, Mar, 2007, 2008, 2009, and 2010)

While the predominant technology for electricity transmission and distribution has been Alternating Current (AC) technology, High Voltage Direct Current (HVDC) technology has also been used for interconnection of all regional grids across the country and for bulk transmission of power over long distances.

Certain provisions in the Electricity Act 2003 such as open access to the transmission and distribution network, recognition of power trading as a distinct activity, the liberal definition of a captive generating plant and provision for supply in rural areas are expected to introduce and encourage competition in the electricity sector. It is expected that all the above measures on the generation, transmission and distribution front would result in formation of a robust electricity grid in the country.

Apart from an extensive transmission system network at 500kV HVDC, 400kV, 220kV, 132kV and 66kV which have been developed to transmit the power from generating station to the grid substations, a vast network of sub transmission in distribution system has also come up for utilisation of the power by the ultimate consumers.

However, due to lack of adequate investment on T&D works, the T&D losses have been consistently on higher side, and reached to the level of 26.91% in the year 2007-08. The reduction of these losses was essential to bring economic viability to the State Utilities.

As the T&D loss was not able to capture all the losses in the network, concept of Aggregate Technical and Commercial (AT&C) loss was introduced. AT&C loss captures technical as well as commercial losses in the network and is a true indicator of total losses in the system. High technical losses in the system are primarily due to inadequate investments over the years for system improvement works, which has resulted in unplanned extensions of the distribution lines, overloading of the system elements like transformers and conductors, and lack of adequate reactive power support.

The commercial losses are mainly due to low metering efficiency, theft & pilferages. This may be eliminated by improving metering efficiency, proper energy accounting & auditing and improved billing & collection efficiency. Fixing of accountability of the personnel / feeder managers may help considerably in reduction of AT&C loss.

With the initiative of the Government of India and of the States, the Accelerated Power Development & Reform Program (APDRP) was launched in 2001, for the strengthening of Sub – Transmission and Distribution network and reduction in AT&C losses.

The main objective of the program was to bring Aggregate Technical & Commercial (AT&C) losses below 15% in five years in urban and in high-density areas. The program, along with other initiatives of the Government of India and of the States, has led to reduction in the overall AT&C loss from 38.86% in 2001-02 to 32.07% in 2006-07. The APDRP program is being restructured by the Government of India, so that the desired level of 15% AT&C loss could be achieved by the end of 11th plan.

(Source: Central Electricity Authority Report, 2009)

Indian Power Sector in a Global Perspective

Indian Power Sector though growing at a steady pace is far behind in technology, production capacity and consumption from the developed nations in the world. With the high population and the increasing industrial scenario, India is striving hard to keep up with the increasing demand for power/electricity. Consumption of Electricity in India over the past years has increased manifolds. India ranked seventh in world electricity consumption in the year 2007.

Electricity Consumption by Country

Rank	Country	Consumption in kWh
# 1	United States of America	3,892,000,000,000
# 2	China	3,271,000,000,000
# 3	Japan	1,080,000,000,000
# 4	Russia	1,003,000,000,000
# 5	Germany	549,100,000,000
# 6	Canada	530,000,000,000
# 7	India	517,200,000,000
# 8	France	480,000,000,000
# 9	Brazil	402,200,000,000
# 10	South Korea	385,100,000,000

India has recently picked up pace towards power generation from Solar & Renewable Energy Sources (RES). India has a long way to go before high dependence on RES & Solar energy as today more than 50% power is generated using Thermal Energy like Coal, Gas & Diesel. Global power generation has already shifted to depend more on Solar & RES. The US expects to be able to produce 80% of its power from RES by 2050.

OUR BUSINESS

Overview

Our company was incorporated under the Companies Act, 1956 on July 22, 2003 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh and we obtained Certificate of Business Commencement on February 10, 2004. The company was established with the object of manufacturing of Sponge Iron, Steel Billets and captive power generation. We are presently engaged in integrated business of manufacturing Sponge Iron, Steel Billets & Ingots and power generation.

Our company belongs to Vaswani Group of Companies which has interest in Iron & Steel since past two decades. Our Company has manufacturing facilities in an industrial area at Sondra Village, 14 km from Raipur railway station. Our company installed first kiln of 1x100 TPD sponge iron in the year 2004-05 and over the period of time enhanced the total capacity of Sponge Iron to 3 x 100 TPD.

Besides this, we also installed 3 Induction Furnaces in the year 2007-2008 with a capacity of 36000 MT for manufacturing of Steel Billets & Ingots utilising in-house production of Sponge Iron.

Apart from this, we also commenced power generation of 7.5 MW in the year 2007-08 (5 MW from Waste Heat Recovery Boiler (WHRB) and 2.5 MW from Coal) for captive consumption. Our power generation capacity was enhanced to 11.5 MW (9 MW from WHRB and 2.50 MW from Coal) during the year 2010-2011. In the year 2009, our company started selling surplus power generated to private power companies namely M/s Lanco Electric Utility Limited and Others as well as State Electricity Board namely Chhattisgarh State Electricity Board.

Since inception, our company, under the guidance of experienced promoters, has responded to changing economic conditions and new market opportunities through vertical integration and periodic restructuring. We firmly believe in benchmark product quality, customer centric approach, people focus, ethical business practices and good corporate citizenship. We draw our strength from an age old tradition of reliable customer service and quality products.

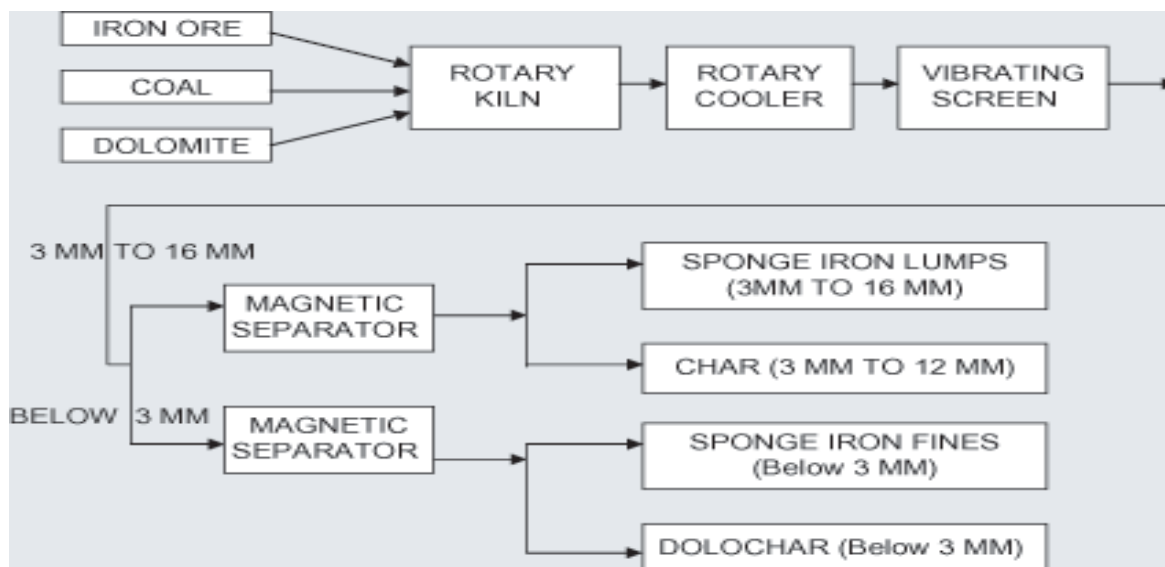
With dedicated employees forming the part of our Company, we have grown from strength to strength under the dynamic leadership of our promoters and directors. The combined experience has propelled our Company into the league of formidable steel players in the State of Chhattisgarh.

The Steel Product/By-Product range along with their application & usage:

Sr. No.	Product / By-Product Name	Used	Process
1	Sponge Iron	For making Steel Billets & Ingots	Melted in Induction Furnace at 1700°C
2	Dolochar	Raw Material for consumption with coal in power plant	Burnt in F.B.C. to get the required Temperature
3	Steel Billets	For making steel structures like channels, angles, flats etc	Re-heated and Re-Rolled in rollers to get the desired shape
4	Fly ash	Used in manufacturing Fly Ash Bricks	Mixed with sand, lime, gupsem and cement in fixed ratio and pur for compress in power press in desired shape
5	Steel scraps	For making steel billets and ingots	Melted in Induction Furnace at 1700°C

Manufacturing Process

Sponge Iron:

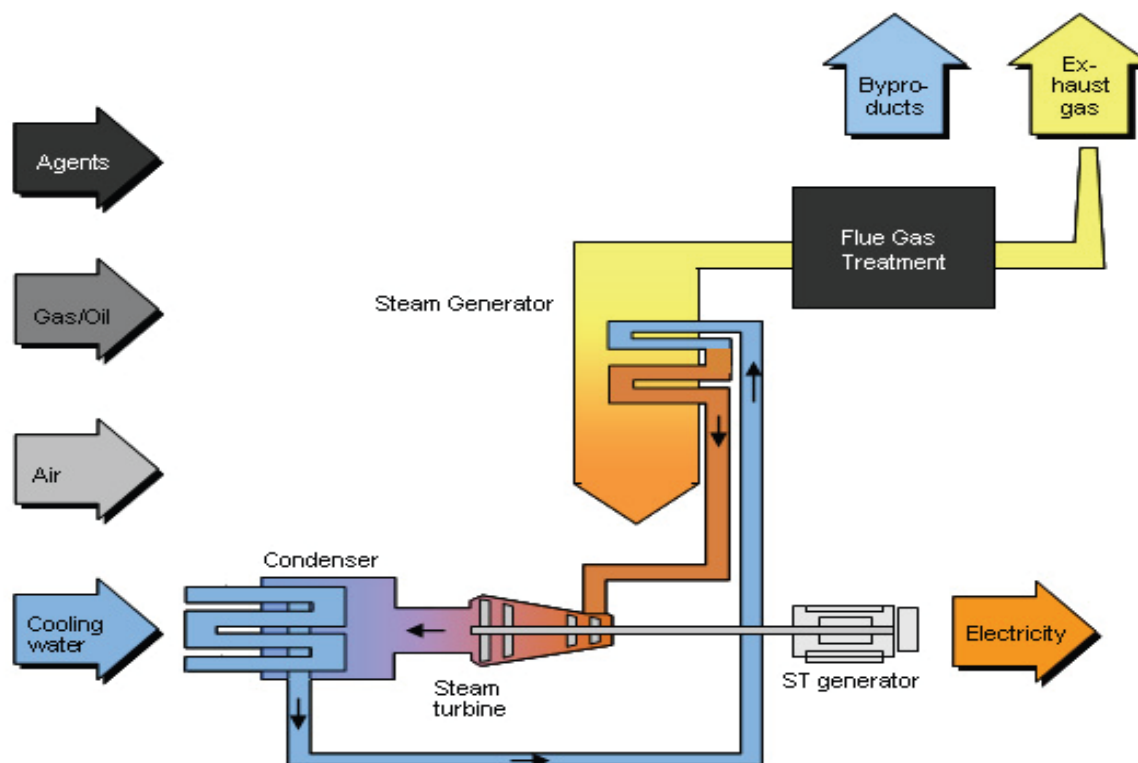


Sponge Iron production using coal involves reducing iron ore with Solid Carbonaceous material such as coal, coke or lignite in a rotary kiln at high temperature, cooling to room temperature in the rotary cooler with indirect water cooling system, screening and magnetic separation of the product.. The reduction is carried out in a Rotary Kiln at a pre-determined temperature and controlled atmosphere and then cooled to ambient in the Rotary Cooler with Indirect Water Cooling System.

The input raw materials i.e. iron ore, coal and limestone in the required calibrated size are fed into the rotary kiln, through fed tube in a pre-determined ratio by electronic weighing equipment, which is inclined and rotates at a required range of speeds. Rotary kiln is generally of 3.0 mts. in diameter and 42 mts. long and is inclined at an angle of 1.432° approximately. Due to inclination and rotary motion of the kiln, the material moves from the feed end of the kiln to the discharge end in approximately 5.5 hrs, which is known as the Tendency time. With the rotation of the kiln, the charge moves down the slope and the surface of material is exposed to heat. The kiln has five shell air fans mounted on the top which blow air in the respective zones to maintain the required temperature profile. The material and the hot gases move in the counter current direction and as a result the iron ore gets pre-heated and gradually reduced by the time it reaches the discharged ends. Due to the inclination and the rotary motion of the kiln, the raw materials move from the feed end to the discharge end. In the process, it gets pre-heated at temperature range of 200-800 deg C and reduced to sponge iron.

The material discharged from the kiln is taken into a rotary cooler via transfer chute where the material is cooled. The water is sprayed on the top of the shell, which cools the material inside the cooler indirectly. The heat is transferred from the shell to the water by convection. By this, material gets cooled to 80° and is discharged on the belt conveyor by the double pendulum valve. The double pendulum valve acts as the seal for the prevention of the atmospheric air into the kiln cooler system. A diversion chute is provided at the heat end of this conveyor for diversion of the material in case of break down in the product separation. In product separation system consisting of double deck screen, the material is screened to 0.3 mm and 3-20 mm size fractions. The product, which consists of sponge iron and non-magnetic such as char etc. is screened to different size fractions and then magnetically separated by means of magnetic separators. Sponge iron is taken to a storage bin for dispatch. The char, which is not magnetic and contains a certain amount of carbons, is taken into a separate bin and can be recycled if found suitable or alternatively sold as fuel for applications such as in brick making and so on.

Power Plant



Kiln exhaust gases at a temp of 950 deg Celsius and 24000 Nm cube/hr flow rate enters the radiant chamber of waste heat recovery boilers of 10 TPH capacities it gets cooled sufficiently before entering into screen tube section. The gas then passes through the two-stage super heaters section, evaporator section and economizer section and let into the E.S.P. Id fan draws the cleaned exhaust gas and lets into atmosphere through the stack.

Raw material is demineralised in 5 mcube/he capacity from D. M. Plant and stored in D. M. Tank.

D.M. water from feed control station enters economizer and gets heated the heated water then enters the steam drum and then circulated (natural Circulation) in evaporator section and waterwall. Saturated steam is collected in steam drum at a Pr of 66 Kg/cm square and at a temperature of 290 deg. Celsius. The saturated steam is then superheated in convection super heaters and taken out to the common steam header from where it is taken to the steam turbine.

Interstate at temperature (De-supers heater) is provided to control the final steam temperature of 490 deg Celsius +/- 5 deg Celsius.

Similarly in 27 tph capacity atm Fluidized bed combustion boiler Raw coal coming from raw material handling system is crushed to the required size(below 6mm) and screened in vibrating screen .then stored in fuel bunker. he fuel (70 % coal and 30 % Dolochar) is feed pneumatically into furnace bed by drag chain feeder, pocket feeder and mixing nozzles located below the bunker. The speed of the fuel feeder can be adjusted by variable frequency drive panel. Ash generated is collected at bed, economizer and air heater zones.

The hot flue gas generated from the combustion chamber is cooled by passing through the water wall superheated, Economizers and air heater. FD fans and ID fans maintained balance draft. Flue gas is finally let to the atmosphere through the chimney.

The feed water from feed pump passes through economizer and fed the steam drum. The hot water enters into the bed coils, through down corners and further heated up. The steam water mixture then rises through the water wall panel tubes and enters into the steam drum through risers' tubes.

From the steam drum saturated steams enters into the conversions super heaters and radiant super heaters and then get super heated. A de-super heater is provided in between the conversion super heater and radiant super heater to control the steam outlet temperature of 490 deg Celsius +/- 5 deg celsius. The steam outlet form main steam stop wall is taken into common steam header.

The steam from common steam header at a pressure of 64 ata and temperature of 480 deg. Celsius +/-5 deg. Celsius is fed into 11.5 MW capacity TG shed and flows auxiliary relative to the rotor to the exhaust end after expanding the steam through nozzles giving a high kinetic energy which is converted into useful work by impinging on moving blades mounted on turbine rotor.

The exhaust end, the steam then enters a surface condenser where it is condensed by giving of its heat to circulating cooling water coming from cooling tower .The condensed water(condense) is returned to the boiler.

The turbine is coupled with 11.5 MW capacity generators through speed reduction unit (gear Box). The speed of the turbine is 7545 rpm and that of generator is 1500 rpm. The turbine then turned on the AVR 110 VDC/12 Amps through brushless exciter magnetic field build up in generator rotor and 11000 Volts generator from Stator wdg.

Steel Billets and Ingots

In the process of manufacturing Steel Ingots, raw materials such as scraps and sponge iron are used. The quality of Raw material required depends upon the type of furnace in use. In an Induction Furnace, as is the case, the ideal quality of raw material should be clean shredded scrap of low carbon content and sponge iron.

The scrap is stored right next to the furnace for easy operation. It is charged into the furnace by using an Electromagnetic device attached to an overhead crane. This ensures lifting of sizable amount of scrap which saves time, energy and cost. The crane used is called an E.O.T. Crane. It replaces the need and dependence on manpower. Besides charging of scraps into furnace, it also handles other operation like removal of ingot moulds, removal of Steel Ingots, etc.

An induction furnace is highly sophisticated equipment consisting of a crucible with a lid. Heat is generated by the induction of medium frequency electricity. The furnace is equipped with the necessary control panel, which receives electrical power at normal 50Hz frequency and converts the same to DC power. The DC power generated is again converted to AC power of medium frequency, which induces the heating effect to the furnace. In addition to the control panel, the entire furnace system is thoroughly cooled for protection. A separate water supply system along with cooling tower is installed to feed the furnace continuously with demineralised cool water. The furnace can also be tilted to pour out the molten metal. The inside surface of the crucible is normally coated with castable ceramics and fire clay in intervals of the crucible is normally coated with castable ceramics and fire clay in intervals of 7 days.

The furnace crucible is charged with the requisite quantity of scrap and sponge iron and the lid are put on. Thereafter, Power is introduced and the furnace gets heated and the steel starts to melt. Heating is continued till the entire metal mass melts to liquid 'state. At this stage, a little time is available for adding inclusions like Ferro alloys and carbon, if necessary. A sample of molten metal is sent to the laboratories for analysis. Based on the analysis report, Ferro alloys and other alloys materials are added after proper weightment. The temperature of the metal bath will be adjusted suitably by adjusting power into the furnace to ensure proper mixing of alloys in the bath. After sometime, when the metal bath has reached the appropriate temperature, sample is send to the laboratories and the process is repeated till the desired quality is obtained.

For making Steel Billets, the molten metal is tapped at the required temperature to the pre-heated ladles. Steel ladles are equipped with latest slide gate opening system. Temperature of the molten metal in the ladle is measured to ensure correct temperature at the continuous casting machine. The liquid metal is then poured from ladle to the tundish and then to the water cooled copper mould on continuous casting machine. There takes place the billet formation by solidification of the molten steel due to water cooling. Billets of 100 mm square coming out of the continuous casting machine are cut to the required length by gas cutting and are again subjected to stringent quality inspection and stacked according to colour codes specified by BIS.

For making Steel Ingots, the molten metal is poured into the moulds. Prepared and set moulds are kept in casting area in proper sequence. The molten metal is poured through a central shaft and is allowed to rise through the ingot moulds through a series of channels. By this method, solid non-porous castings can be achieved and the weight of the molten metal ends any possibility of blowholes. Mild Steel Ingots of various sizes are cast; the common sizes being 1.4 x 5 inches, 5.0 x 6 inches and 4.5 x 5.5 inches. However, we cater to customized sizing as required by the customer.

Our Competitive Strengths

Management Expertise

Our Promoters have been engaged in trading & steel manufacturing business for more than two decades. Our promoters, over the years, have gained experience in setting up and operating integrated steel plants. The established position of the Company and the Group Companies in the local markets has also resulted in an established customer base and a supplier network in Uttaranchal, Chhattisgarh, Maharashtra, and Madhya Pradesh. In addition to our Promoters, we have a professionally managed team with technical experts in respective fields as more specifically detailed in the sections titled “*Key Managerial Personnel*” beginning on page no 112 and “*Our Management*” beginning on page no 102 of this Red Herring Prospectus.

Cordial Relationship between management and labour

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our Company since the incorporation.

Expected High Operating Efficiency

The Company's steel plant is fully integrated. The sponge iron manufactured by us is used as raw material to manufacture Mild Steel Billets/Ingots. Thus, the finished product of one unit acts as a raw material for the other unit. The current power capacity is feeding the power requirement of our Company and as well as the surplus is being sold to the private power companies as well as State Electricity Board. Due to integration, our company as a whole can reduce its cost of production and achieve better profitability. Our company can sustain/absorb adverse market situation during cyclical recession. The steel industry is highly power-intensive and captive power generation plant, which has low cost per unit, is leading to significant cost saving.

Captive Power Plant

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities, our Company has increased the generation capacity from 7.5 MW to 12 MW from Waste Heat Recovery Boiler to meet the present requirement of power as well as to sale the surplus through private power companies and SEB. Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilisation of our capacities.

Weaknesses & Threats

High Working Capital Intensive

Our business requires a significant amount of working capital. Most of the contracts provide for progress payments. Our working capital requirements may increase if, in certain contracts, payment terms include reduced advance payments or payment schedules that specify payment which are less favourable to us. Delays in progress payments from our clients may increase our funds required for working capital. If a client defaults in making its payments on a project to which we have deployed significant resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses.

Cyclicality inherent in the steel business

The steel industry historically has experienced cyclical fluctuations in financial results due to economic recession, downturns in business cycles of our customers, price increase of the raw material, interest rate fluctuations, and other economic factors beyond our control. If economic recession or a downturn in our customers' business cycles causes a reduction in the volume of freight shipped by those customers, our operating results could also be adversely affected.

Business Strategy

The key components of our strategy to drive profitable growth and to maximize value are to continuously enhance customer satisfaction, attract & retain qualified employees, maintain stringent standards of environmental safety and corporate responsibility.

Our Vision

Our vision is to make VIL a trusted brand name by:

- Creating a distinct status for ourselves in the Integrated Steel business.
- Driving growth through both organic & inorganic initiatives.
- Keeping shareholders' interests at the core of business and put customer satisfaction on top of the agenda.

Keeping in view the above, our Company has devised certain strategies to take the advantage of the growing Iron & Steel Industry, as described below:

Sales and Marketing

The sales and marketing strategy is based on building upon strengths and results already achieved. Accordingly, our strategy is to consolidate our position in Chhattisgarh and penetrate in other Northern, Western and Eastern parts of the country. In parallel, we would also strive to build credible partnerships as an entry strategy and build on the same for a full-scale penetration in future.

Continued focus on consistently meeting quality standards

We have created a reputation with our suppliers, as one who can consistently supply quantity without compromising on the quality and delivery schedules. We intend to continue to focus on this.

Mix of Organic and Inorganic Models of Growth

Our strategy so far had been organic growth. At this stage of our business, we believe that a combination of organic and inorganic models will help us continue to grow. Strategic acquisitions would help us in leveraging complementary skills to capture market opportunities as well as reduce time-to-market and accelerate growth.

Training and Motivating Our Work Force

Our Company will continue the policy of training of the work force with adequate product knowledge, market knowledge and above all the application of knowledge to the Industry. Our Company shall always focus on narrowing the hierarchy for free and transparent two-way communication between management and employees for better exchange of ideas, views and opinions for maintaining good competitive work atmosphere at all levels.

Export Obligations

As on date there, are no export obligations of the company.

1. Utilities

Requirement of Major Raw Materials and their Availability

In order to produce one tonne of steel in an integrated steel plant, about 3-4 tonnes of raw materials are consumed. Thus, while identifying the raw material source with respect to the location of the steel plant, the transportation cost of raw materials becomes a very important consideration. Further, the raw materials must fulfil the quality requirements demanded by the process, equipment and technological parameters.

Our company is presently sourcing these materials from the following suppliers:

Sr. No.	Particulars
1	Essel Mining & Industries Limited
2	South Eastern Coalfields Ltd (Coal)
3	Triveni Engineering & Industries Ltd.
4	Steel Authority of India Ltd.-BSO
5	National Minerals Development Corporation
6	Khatau Narbheram & Co.
7	Coal Feeder
8	Enviro Care Filtration & Systems
9	Kwality Foundry Industries
10	Gopal Sponge Pvt Ltd

Sponge Iron Plant

The Major Raw Materials required for production of Sponge Iron by the rotary kiln process are: sized graded iron ore fines and non-Coking coal. Dolomite, in small quantities, is also required to scavenge the sulphur. The basic raw materials such as Iron Ore, Dolomite and Coal are available locally and thus the cost of transportation would be minimum.

Steel Billets & Ingots Plant

The raw materials for the Steel Billets/Ingots units are available easily. It will be available from the following sources:

- Sponge iron will be procured from our company's own sponge iron plant.
- Our Company will procure Melt Shop Scraps and other variety of scraps from local suppliers.
- The Ferro Alloys will be required in very small quantities and can be procured from the local dealers.

Power Plant

The power is generated out of the waste gases emitted from sponge iron rotary kiln of the company and Coal /Char/ Dolochar.

2. Transportation

Our Company's plant location is well connected with all types of transportation and the brief details are as under:

National Highway	The site is 3km from National Highway.
Railway Station	The site is just 14 kms away from the Raipur Railway Station.
Air Port	Raipur Airport is 30 Kms away from the site.

Thus, the location of the site will be advantageous to our company in transportation of Raw materials as well as the Finished Products.

3. Power Supply

We have 10 MVA power sanctioned from CSEB. This power we use as start-up power and also for synchronizing to smoothen our operations by paralleling to grid and rest of the power is then generated from flue gases of Sponge iron/ Coal /Char/ Dolochar. Our Company has 11.5 MW Power Plant for the captive consumption. However, our Company is selling the surplus power generation to the power grid/ private power companies.

4. Water

Sponge Iron

Water is required for cooling and sanitation purpose. The water requirement of about 72,000 litres a day is met from ground water and rain harvesting system. The plant also has provisions for overhead water tank and underground water reservoir for water storage.

Steel Billets/Ingots

The industrial grade water requirement for steel melt shop (SMS) is being met from the existing plant water network. The Drinking water requirement for the new facilities is also being met from the existing drinking water system.

5. Manpower

The manpower requirement in accordance with the targeted production of plant operation has been estimated on the following consideration:

- i) The estimated production and productivity level which is achievable in various sections of the plant with the proposed plant and machineries.
- ii) The total number of personnel required to perform various duties associated with the different processing steps leading to production of steel billets, generation of captive power.

Existing Manpower details are as under:

Sr. No.	Unit	Man power deployed
1	Sponge Iron Plant	108
2	Steel Billets/Ingots Plant	04
3	Power Plant	52
	TOTAL	164

All of the workers/employees are permanent in nature.

Sales & Marketing

Our company had entered into Power Purchase Agreement with Chhattisgarh State Electricity Board, for selling & marketing of Power which is renewed on monthly basis.

Capacity & its utilization:

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Installed capacity			
Sponge Iron	90000 MT	60000 MT	60000 MT
Steel Billets/Ingots	36000 MT	36000 MT	36000 MT
Power	7.5 MW	7.5 MW	7.5 MW
Production			
Sponge Iron	47378.03 MT	37809.57 MT	42442.21
Steel Billets/Ingots	4350 MT	36000 MT	14260
Power	7.5 MW	7.5 MW	6.5 MW

Our Competition

We face substantial competition for our products from organised and unorganised manufacturers in domestic market. We compete with other manufacturers on the basis of product range, product quality and price including factors based on reputation, regional needs, and customer convenience.

Intellectual Property

Our company does not have any IPR at present.

Insurance Policies

Name & Address of the Insurance Company	The New India Assurance Company Limited Divisional Office, 1 st Floor, Madina Building, Jail Road, Raipur - 492 001 (C.G.)
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Sr. No.	Policy No	Description	Property Insured	Valid from	Expiry date	Sum Insured	Premium + Taxes
1	451800/1 1/09/11/ 00000164	Standard Fire & Special Perils Policy	Building, Plant and Machinery, electrical installations, Furniture, fixture and Fittings and computers, pollution control equipment situated at Baresar Road, near Cycle Park, Village Sondra, Siltara, Raipur.	22-07-2010	21-07-2011	27,80,00,000	91,990
2	451201/1 1/10/11/0 0000115	Standard Fire & Special Perils Policy	Stock of Sponge Iron and Coal situated at Bamesar Road, near Cycle Park, Village Sondra, Siltara, Raipur..	27-04-2010	26-04-2011	2,50,00,000	24,818
3	451200/4 4/10/51/ 30000022	Machinery Insurance Policy	Turbines, Gear Boxes, Electro Static Precipitators situated at Bahesar Road, near Cycle Park, Village Sondra, Siltara, Raipur.	21-07-2010	21-07-2011	6,20,00,000	3,12,700
4	45180031 10020000 0127	Motor Vehicle Liability Insurance policy	CG04E1140 Tata 709	01-05-2010	30-04-2011	7,50,000	11,835
5	451800/3 1/09/02/0 0005632	Standard Commercial Vehicle Liability Insurance policy	CG-04-JA-9541 (ASHOKLEYLAND TIPPER 1613)	23-07-2010	22-07-2011	7,50,000	7,153
6	451201/3 6/10/01/ 00000020	Workmen's Compensation	1- Manage/ Shift incharge 20 – managers / shift incharge	28-04-2010	27-04- 2011	55,00,010	35,555

		(General) Policy					
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Property

All the below mentioned properties situated at Sondra, Raipur, Chhattisgarh have been purchased by the Company from various parties.

The Company has obtained approval for use of land for industrial purpose from the Town Planning and Development Authority in respect of land admeasuring 5.075 hectares situated at Sondra, Raipur, Chhattisgarh currently being used for plant and machinery. The Company has on 20.02.2004 applied to obtain permission from the revenue department for use of land admeasuring 16.494 hectares for industrial and business related purposes. The total land owned by the Company at Sondra, Raipur, Chhattisgarh is 27.038 hectares details whereof are as under:

Details of Freehold Properties:

Sr. No.	Date of sale deed	Name of the Other Party	Khasra No.	Consideration (In Rs.)	Area (hectares)
1	24/8/2004	M/s. Ekta Ispat and Power Pvt. Ltd.	26/1, 26/3, 26/4	7,00,000	5.468
2	5/8/2004	Siyaram Sahu	409/1	3,90,200	1.156
3	5/8/2004	Mr. Gariba Sahu	418/2, 418/4	1,35,000	0.404
4	5/8/2004	Mr. Bisauha	463/1	55,350	0.166
5	5/8/2004	Mr. Santram	416/7	4,26,600	0.133
6	10/8/2004	Mr. Kejuram Sahu	417/5, 419	74,300	1.266
7	10/8/2004	Mr. Suraji	416/5	67,500	0.223
8	10/8/2004	Mr. Devaram Sahu	416/6	37,800	0.202
9	10/08/2004	Mr. Chaitram Sahu	463/6	85,964	0.255
10	10/8/2004	Mr. Thakur Ram Sahu Tikaram and Manharan	454/2	1,35,000	0.405
11	20/12/2004	Mr. Ramadhar	416/1	3,60,500	1.084
12	13/8/2004	Mr. Hiralal	417/2, 417/4, 417/6 and 456, 406/1	3,63,200	1.089
13	13/8/2004	Mr. Lakhan	417/1	1,66,100	0.498
14	13/8/2004	Lalit Kumar, Sanjay Kumar and Pramod Kumar	412	2,79,100	0.862
15	6/9/2004	Mehrtar Gaikwad	410/2	1,03,950	0.312
16	1/10/2004	Bodal Dhansay	410/1	54,600	0.162
17	1/10/2004	Ramlal, Rajbai, Basanta	410/3	54,800	0.166
18	4/10/2004	Bisheshar	417/3, 409/2	1,02,500	0.328
19	20/12/2004	Janak Ram	418/3	1,45,000	0.437
20	20/12/2004	Chaiti Bai	418/1	27,000	0.081
21	17/12/2007	Vijay Kumar Satnami	459	1,06,800	0.178
22	17/12/2007	Sirmotin Bai	463/2	1,95,000	0.324
23	17/12/2007	Ramdhar Sahu	405/1, 405/2, 463/9	1,98,600	0.331
24	17/12/2007	Panchram	463/7, 463/8	1,90,000	0.316
25	17/12/2007	Dashrath Sahu	463/11	1,79,000	0.298
26	14/7/2008	Kawal Singh	464/1	20,81,960	2.412

Sr. No.	Date of sale deed	Name of the Other Party	Khasra No.	Consideration (In Rs.)	Area (hectares)
27	17/12/2007	Samaylal	464/4	1,06,800	0.157
28	22/9/2008	Hirderam Kevat, Siyaram Kevat and Shriram Kevat	41/1, 42/1, 43/1, 43/3 and 44	11,16,000	1.594
29	22/9/2008	Hirderam Kevat, Siyaram Kevat, Shriram Kevat, Budhiyarin Kevat, Hira Kevat and Neera Kevat	82/1, 87/4, 420/1	2,98,000	0.425
30	22/9/2008	Neelkanth Kevat, Liladhar Kevat, Lakeshwari, Tikeshwari, Sunderiya	43/2	1,00,000	0.142
31	22/9/2008	Tiju Kewat	420/3, 421/1	85,000	0.121
32	18/2/2008	Ghanshyam Sahu	406/3, 407/2	1,80,000	0.300
33	18/2/2008	Ghasiya Sahu	404	4,25,400	0.709
34	18/2/2008	Balram Sahu	407/1	1,77,000	0.295
35	9/1/2008	Bodhan Lal Pandey	406/4	60,300	0.040
36	11/6/2009	Dilip Nagdev	86/1	3,00,000	0.304
37	11/6/2009	Ashok Kumar Nagdev and Lakhmal Nagdev	86/4, 86/5	2,20,000	0.307
38	5/08/2004	Devram Sahu	416/4, 411/1, 411/2	1,35,350	0.406
39	10/10/2005	Suraji Yadav	409/3	75,000	0.101
40	6/09/2004	Chandanpuri Goswami	413, 414, 415, 454/1	11,88,000	3.561
41	1/10/2004	Bhagirathi, Khomlal, Gokaran, Shivcharan, Hemlata, Mansharam	416/3	33,093	0.020
TOTAL					27.038

Details of land under possession but yet to be acquired under registered Sale Deed:

Sr. No.	Date of Agreement to Sell	Name of the Other Party	Description of Property	Consideration (In Rs.)	Relationship with Company
1.	20.04.2010	Mr. Pramod Vaswani	Plot No. 4, admeasuring 240.26 sq. mtrs. in the Approved Layout known as MIG – 4, Indrawati Colony, Survey / Scheme No. 10, Plot No. 8/1, 2, 3, 4, 5, 6 & 14, Block No. 12, Raipur District, Chhattisgarh	20,00,000	Promoter

KEY INDUSTRIAL REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of 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 is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The Company is governed by various legislations as applicable to it. Some of the key regulations applicable to the Company are summarised hereunder:

1. ENVIRONMENT REGULATIONS

The Company is subject to laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during the manufacturing processes. The principal environmental regulations applicable to industries in India are the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 ("the Water Pollution Act") and the Environment Protection Act, 1986 ("the EP Act").

1.1 Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 ("the Air Pollution Act") inter alia aims for the prevention, control and abatement of air pollution. It is mandated under the Air Pollution Act that no person can, without the previous consent of the concerned State Board, establish or operate any industrial plant in an air pollution control area.

1.2 Water (Prevention and Control of Pollution) Act, 1974

Water (Prevention and Control of Pollution) Act, 1974 ("the Water Pollution Act") provides for the prevention and control of pollution and for maintenance or restoration of the wholesomeness of water in streams or wells. This legislation also provides for the constitution of a Central Pollution Control Board and respective State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board. The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution.

1.3 Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986

Environment (Protection) Act, 1986 ("the EP Act") has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

2. Industries (Development and Regulation) Act, 1951, (IDRA)

Industries (Development and Regulation) Act, 1951, ("IDRA") has been enacted to implement the industrial policy. It provides for the development and regulation of major industries. IDRA envisages balanced industrial growth all over India and optimum use of resources and infrastructure. The Act is applicable to the whole of India. IDRA is applicable to scheduled industries as given in the First Schedule to the Act. Section 29B(1) of IDRA authorizes Central Government to exempt any industry or class of industries from any provision of the IDRA. Presently, Central Government has exempted most of the industries from the provisions of licensing. There are only few industries, which require license. License is not required for any other industry. Those industries, which are not required to obtain license have to get themselves registered with SIA for Industrial Entrepreneurial Memorandum.

3. Employment & Labour Related Laws

3.1 Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957

Industrial Dispute Act, 1947 ("the ID Act") provides for the investigation and settlement of industrial disputes. It also contains various provisions to prohibit strikes and lock-outs, declaration of strikes and lockouts as illegal and provisions relating to lay-off and retrenchment and closure, conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

3.2 Workman Compensation Act, 1923

Workmen's Compensation Act, 1923 ("the Workmen's Compensation Act") aims at providing financial protection to employees (for their dependents in the event of fatal accidents) by means of payment of compensation by the employers, if personal injury is caused to them by accidents arising out of and in the course of their employment. The Workmen's Compensation Act makes it obligatory for the employers brought within the ambit of the Act to furnish, to the State Governments/Union Territory Administrations, annual returns containing statistics relating to the average number of workers covered under the Act, number of compensated accidents and the amount of compensation paid.

3.3 Payment of Wages Act, 1936

Payment of Wages Act, 1936 contains provisions as to the minimum wages that are to be fixed by the appropriate Governments for the employees, fixation and revision for the minimum wages of the employees, entitlement of bonus to the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

3.4 Minimum Wages Act, 1948

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

3.5 Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment covered under this Act to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

3.6 Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPFMP Act")

The EPFMP Act is applicable to the establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPFMP Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPFMP 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.

3.7 Employees' State Insurance Act, 1948 ("the ESI Act")

All the establishments to which the ESI Act applies are required to be registered under the ESI Act with the Employees State Insurance Corporation. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided thereunder.

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 Employee State Insurance department.

3.8 The Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)

The CLRA requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, and provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

3.9 Trade Union Act, 1926

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

4. Shops and Establishment Act

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees. The Chhattisgarh Shops and Establishment Act, 1958 governs the Company as the Company has its registered office in the state of Chhattisgarh.

5. Tax Related Legislations

5.1 Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. Steel products are classified under Chapter 72 of the Central Excise Tariff Act.

5.2 Value Added Tax (“VAT”)

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 (“the VAT Act”) of the respective states. The VAT Act has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with

the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

5.3 Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

5.4 Customs Act, 1962 ("the Customs Act")

The provisions of the Customs Act and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any company that wishes to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

5.5 Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

6. Indian Boiler Act, 1923

The Indian Boilers Act, 1923 was enacted with the objective to provide mainly for the safety of life and property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India. "Steam Boiler" means any closed vessel exceeding 22.75 litres which is used exclusively for generating steam under pressure and includes any mountings and other fittings attached to such vessel which is wholly or partly under pressure when steam is shut off. Every boiler owner is required to make an application to the Chief Inspector of Boilers for the inspection of the boiler along with the treasury challan of the requisite fees as per requirements of Indian Boilers Act, 1923.

7. Factories Act, 1948

As per the applicable provisions of the Factories Act, 1948 ("Factories Act"), read along-with the Rules framed there under, no person can operate a factory till such time it has obtained a license from the designated authorities under the Factories Act. Generally, registration/license under the said Factories Act is issued on yearly basis and is required to be renewed annually. Factories Act, is a central law which primarily regulates working conditions of workers in factories and to ensure that basic minimum requirements for the safety, health and welfare of factory workers is provided. The Act also regulates the working hours, leave, holidays, overtime, employment of children, women and young person's etc. The Factories Act is applicable to all 'factories'.

OUR HISTORY AND CORPORATE MATTERS

Our History and Major Events

Our company was incorporated under the Companies Act, 1956 on July 22, 2003 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh and we obtained Certificate of Business Commencement on February 10, 2004. Our CIN is U28939C82003PLC015964. The company was established with the object of manufacturing of Sponge Iron, Steel Billets and captive power generation. We are presently engaged in integrated business of manufacturing Sponge Iron, Steel Billets & Ingots and power generation.

Our Company has manufacturing facilities in an industrial area at Sondra Village, 14 km from Raipur railway station. Our company installed first kiln of 1x100 TPD sponge iron in the year 2004-05 and commissioned the production immediately thereafter. In the year 2005-06, we expanded the capacity to 2x100 TPD due to increased demand. In the year 2009-10, we further expanded the capacity by installing 1x100 TPD and the total capacity of Sponge Iron was enhanced to 3 x 100 TPD.

Besides this, we had also installed 3 Induction Furnaces in the year 2007-2008 with a capacity of 59400 MT for manufacturing of Steel Billets & Ingots utilising in-house production of Sponge Iron.

Apart from this, we have also commenced power generation of 7.5 MW in the year 2007-08 (5 MW from Waste Heat Recovery Boiler (WHRB) and 2.5 MW from Coal) for captive consumption. Our power generation capacity was enhanced to 11.5 MW (9 MW from WHRB and 2.50 MW from Coal) during the year 2010-11. In the year 2009, our company started selling surplus power generated to private power companies namely Lanco Electric Utility Limited and Others as well as State Electricity Board namely Chhattisgarh State Electricity Board.

The Promoters of our Company are Mr. Ravi Vaswani, Mr. Pramod Vaswani and Mr. Yashwant Vaswani. For further details regarding the business of the Company, see “Our Business” beginning on page no 84 of this Red Herring Prospectus.

Key Events Milestones

Sr.No.	Milestone achieved	Year
1	Incorporation of the company with Authorized Capital of Rs. 300 Lacs	2003-2004
2	Kiln I of the sponge iron unit commences production	2005-2006
3	Kiln II of the sponge iron unit commences production	2005-2006
4	Commencement of production of Steel (Ingots, Billets, etc)	2007-2008
5	Commencement of generation of Power (7.50 MW)	2007-2008
6	Kiln III of the sponge unit iron commences production	2010-2011
7	Commencement of additional generation of Power (4MW)	2010-2011

Changes in Registered Office of Our Company

Date	From	To
August 21, 2010	12/13, Vijeta Complex, Shastri Bazaar, Raipur – 492 001.	MIG-4, Indrawati Colony, Raipur- 492 001.

Main Objects of our Company

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

1. To carry on in India or elsewhere the business of manufacture, produce, process, treat, assemble, alter, convert, commercialize, roll, reroll, melt, mould, design, develop, fabricate, galvanize, machine, cut, trim, turn to account and to act as agent, broker, stockiest, distributor, importer, exporter, trader, buyer, seller, vendor, engineers, metallurgist, sizes, uses, capacities, specifications, descriptions and varieties of products whether made of iron & steel or in combination with any ferrous and non ferrous materials such as plant, machineries, tools, jigs, dies, moulds, reciprocals, equipments, instruments, apparatus, utensils, accessories, fittings, hardwares, sanitaries ware, fixtures, pipe fittings, Ingot moulds, Hand pump parts, ductings, packing materials, engineering goods, etc. used in any industry,

trade, commerce public welfare, transport, vessels, defence, agriculture, construction, power, transmission, pollution or in any other field and to do all such incidental acts and things as may be necessary for the purpose of attainment of above objects.

2. To carry on the business of importers and exporters in and dealers in iron ores, chromium ores, magnetite ores, thorium, uranium, asbestos, nickel, copper, lead, tin, bauxite ores and all ferrous and non-ferrous ores of every description and grades whatsoever in any part of the country and to carry on the business of processing, cleaning, melting, forging, grading and machining to convert the ores into marketable metals.
3. To carry on all or any of the business of producers, manufacturers, generators, suppliers, distributors, transformers, converters, transmitters, processors, developers, stores, procurers, carriers and dealers in electricity, all form of energy and any such products and by-products derived from such business including without limitation, steam, fuels, ash, conversion of ash into bricks and any products derived from or connected with any other form of energy, including, without limitation to conventional sources such as heat, thermal, hydel and/or from non conventional sources such as tidal wave, wind, solar, geothermal, biological, biogas and coal bed methane.
- 3(A) To carry on all or any of the business of purchasers, creators, generators, manufacturers, producers, procurers, suppliers, distributors, converters, processors, developers, stores, carriers and dealers in, design or otherwise acquire to use, sell, transfer or otherwise dispose of electricity, steam, hydro or tidal, water, wind, solar, hydrocarbon fuels, fuel handling equipments and machinery and fuel handling facilities thereto and any products or by products derived from any such business (including without limitation distillate fuel oil and natural gas whether in liquefied or vaporized form), or other energy of every kind and description and stoves, cookers, heaters, geysers, biogas, plants, gas and steam turbines, boilers, generators, alternators, diesel generating sets and other energy devices and appliances of every kind and description.

Amendments to our Memorandum of Association

Date	Details of Change
December 13, 2004	Increase in the Authorized Share Capital from Rs. 3, 00, 00,000 (Rupees Three Crores) divided into 30, 00,000 Equity Shares of Rs. 10/- each to Rs. 6, 25, 00,000 (Rupees Six Crores Twenty Five Lacs) divided into 60, 00,000 Equity Shares of Rs. 10/- each. and 2,50,000 Preference Shares of Rs. 10/- each
March 27, 2006	Increase in the Authorized Share Capital from Rs. 6, 25, 00,000 (Rupees Six Crores twenty five Lacs) to Rs. 12, 25, 00,000 (Rupees Twelve Crores twenty five Lacs) divided into 1,20,00,000 Equity Shares of Rs. 10/- each and 2,50,000 Preference Shares of Rs. 10/- each
March 10, 2008	Increase in the Authorized Share Capital from Rs. 12, 25, 00,000 (Rupees Twelve Crores twenty five Lacs) to Rs. 20, 00, 00,000 (Rupees Twenty Crores) divided into 1,97,50,000 Equity Shares of Rs. 10/- each and 2,50,000 Preference Shares of Rs. 10/- each
October 26, 2009	Increase in the Authorized Share Capital from Rs. 20, 00, 00,000 (Rupees Twenty Crores) to Rs. 25, 00, 00,000 (Rupees Twenty Five Crores) divided into 2,47,50,000 Equity Shares of Rs. 10/- each and 2,50,000 Preference Shares of Rs. 10/- each
February 20, 2010	Deletion of Clause No 1, "To take over the entire existing proprietorship business of firm under the name and style of M/s Kwaliti Foundry Industries, situated at 12-13, Vijeta Complex, Shastri Bazar, Raipur (Chhattisgarh) and dealing in Manufacturing of CI Castings, and trading of Pig Iron, CI Scrap, and Ferro Alloys" stands deleted. And by re-numbering existing clause no 2 & 3 into clause 1 & 2 accordingly by inserting new clause 3 & 3(A) in clause III (A) of Main Objects of the Memorandum of Association of the Company.

Subsidiaries of the Company:

Our Company does not have any subsidiaries as on date of filing of the Red Herring Prospectus.

Shareholders Agreements

Our Company does not have any Shareholders' Agreement existing as on date of filing the Red Herring Prospectus.

Strategic/ financial Partners

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

Other Agreements

There are no other material Agreements involving our Company.

OUR MANAGEMENT

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

Name, Father's Name, Age, Address, Designation, Status, DIN	Date of Appointment & Term of Office	Qualification	Other Directorships/ Proprietorships held
Mr. Ravi Vaswani S/o: Late Mr. Gyanchand Vaswani Age: 48 Years Address: Vaswani Vatika, VIP Road, Viillage Amalidiha, Dist. Raipur – 492 015 Designation: Managing Director Status: Promoter and Executive DIN: 00308616	July 22, 2003 Term of Office: April 01, 2011 to March 31, 2016	B.Com	• Cosmos Castings (India) Limited • Vaswani Ispat Limited • Vaswani Cement Limited • Shubh Infrastructures Limited • Vaswani Energy Limited • Kwaliti Iron Foundry (India) Limited • Elite Buildhome Limited • Chhattisgarh Ispat Bhumi Limited • C G Ispat Private Limited
Mr. Pramod Vaswani S/o: Late Mr. Gyanchand Vaswani Age: 41 Years Address: Vaswani Vatika, VIP Road, Viillage Amalidiha, Dist. Raipur – 492 015 Designation: Whole Time Director Status: Promoter and Executive DIN: 01627359	July 22, 2003 Term of Office: April 01, 2009 to March 31, 2014	M.Com	• Vaswani Ispat Limited • Vaswani Cement Limited • Shubh Infrastructures Limited • Vaswani Energy Limited • Kwaliti Iron Foundry (India) Limited • C G Ispat Private Limited
Mr. Yashwant Vaswani S/o: Mr. Ravi Vaswani Age: 25 Years Address: Vaswani Vatika, VIP Road, Viillage Amalidiha, Dist. Raipur – 492 015 Designation: Whole Time Director Status: Promoter and Executive DIN: 01627408	April 16, 2004 Term of Office: April 01, 2010 to March 31, 2015	B.Com (Part II)	• Vaswani Ispat Limited • Vaswani Cement Limited • Vaswani Energy Limited • Kwaliti Iron Foundry (India) Limited
Mr. Lekhu Thadharam Mulchandani S/o: Late Mr. Thadharam Ahimal Mulchandani Age: 66 Years Address: Space Education, 226-228, 3 rd Floor, Shri Ram Charm Towers, Near NIIT Building, Sadar, Nagpur – 440 001 Designation: Director Status: Non-Executive and Independent DIN: 02801146	April 01, 2009 Term of Office: April 01, 2009 to March 31, 2014	B.Com (Part II)	Space Training Academy
Mr. Ashok Suri S/o: Mr. Khirati Lal Suri Age: 57 Years	April 01, 2009	B.Sc	Suri Venture Pvt Ltd

Name, Father's Name, Age, Address, Designation, Status, DIN	Date of Appointment & Term of Office	Qualification	Other Directorships/ Proprietorships held
Address: 57, Motilal Nehru Nagar, Bhilai – 490020 Designation: Director Status: Non-Executive and Independent DIN: 00291897	Term of Office: April 01, 2009 to March 31, 2014		
Mr. Sunny Saini S/o: Mr. Jagdish Singh Saini Age: 24 Years Address: H I G-10, Tatibandh, Shahid Bhagat Singh Ward Raipur – 492 001. Designation: Director Status: Non-Executive and Independent DIN: 01627408	April 01, 2009 Term of Office: April 01, 2009 to March 31, 2014	B.A.	G P Ispat Pvt Ltd Saini Industries Ltd

Note:

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

All the Directors are Indian nationals.

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 under any order or directions made by the 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 SEBI.

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

Brief Profile of our Board of Directors:

- 1. Mr. Ravi Vaswani**, aged 48 yrs is the Managing Director of our company. He is a Commerce Graduate by qualification and is a founder of Vaswani Group. He belongs to a family which is engaged in the steel business for more than 2 decades. Hence, he entered this Industry at an early age and has been engaged in the manufacturing of C.I. Castings and Trading of Pig Iron & Scrap for over Two decades. He has achieved extensive knowledge in trading and marketing of sponge iron and steel billets/ingots.
- 2. Mr. Pramod Vaswani**, aged 41 yrs., is the Whole Time Director of our company. He completed Master in Commerce. He is also a founder of Vaswani Group. He has widespread experience in trading of Iron & steel and has been instrumental in the establishment of the Sponge Iron unit. In the process, he gained extensive knowledge of setting up of such unit. Further, he has been engaged in the trading business of C. I. Scrap & Core Veneer for last 16 years. He is responsible for the day to day operations of our company.
- 3. Mr. Yashwant Vaswani**, aged 25 yrs., is the Whole Time Director of our company. He is an under graduate (Commerce) by qualification. He entered the family business with his father Mr. Ravi Vaswani in his proprietorship firm named M/s Kwaliti Foundry Industries. Further, being involved with the Sponge Iron plant from the conception stage and onwards, he has gained hands-on experience in the day-to-day operation of the same.

4. **Mr. Lekhu Thadharam Mulchandani**, aged 66 yrs. is an Independent Director of our company. He is an under graduate (Commerce) by qualification. He began his career in the Insurance Industry in 1966 as an advisor and has scaled the career ladder since then. He was the youngest Class I officer in LIC and received various awards as a top performing agency manager. Having travelled extensively he has studied and submitted his notes on all private insurance companies operating in various countries. He has been a speaker at the two prime training institutes in India namely, 'Management Development Centre and 'The National Insurance Academy'. At present, he is running his own institute which imparts training to advisors to insurance companies.
5. **Mr. Ashok Suri**, aged 57 yrs, is an Independent Director. He is a Science Graduate by qualification. He is engaged in the business of Trading in Iron & Steel. His experience in the business has been helpful in the operations of our company.
6. **Mr. Sunny Saini**, aged 24 yrs, is an Independent Director. He has completed his B.A. from the University of Winnipeg, Canada. He is involved in the Steel business which is run by his family members and is also involved with the TMT Project.

Nature of any Family Relationship between our Directors

Mr. Ravi Vaswani and Mr. Pramod Vaswani are brothers and Mr. Yashwant Vaswani is son of Mr. Ravi Vaswani.

Except as above none of our Directors are related to each other.

Service Contracts

There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment except as mentioned below.

Borrowing Powers of the Board

Pursuant to a resolution passed by the Members in the Extra Ordinary General Meeting of the Company held on April 10, 2004. Consent was accorded to the Board of Directors of our Company in accordance with provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 for borrowing any sum or sums of money from one or more banks, financial institution, Central or State Government, body corporate, firms or any other person(s), whether by way of term loan, working capital facility, cash credit facility, inter corporate loans, bill discounting, issue of debenture or bonds or any other fund based or non-fund based facility, in Indian Rupee, or in Foreign Currency, whether secured or unsecured, notwithstanding that the money to borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up share capital and free reserve (the reserves not set apart for any specific purpose) of the Company provided however that the total amount up to which the money may be borrowed by the Board of Directors and outstanding at anytime shall not exceed the sum of Rs. 150 Crores (Rupees One Hundred and Fifty Crores only) or equivalent amount in Foreign Currency, exclusive of interest and other charges.

Remuneration of Our Directors

1. Terms and Conditions of appointment of Managing Director, Mr. Ravi Vaswani

Tenure: Five (5) Years, from April 01, 2011 to March 31, 2016

The terms and conditions vide resolution passed at the meeting held on March 02, 2011 are as under:

Details of Remuneration:

Salary:

Rs 75,000/- per month

Fixed Dearness Allowance: 10% of the Salary

Perquisites

Category 'A'

Medical Reimbursement: 8.33% of Salary per Month towards Medical Expenses towards self and Family

Leave Travel Allowance: Self and Family not exceeding one month salary for every 11 months of service

Explanation: Family means the spouse, dependent children and parents of the appointee.

Category 'B'

The following shall form part of remuneration:

The contributions to Provident Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

Gratuity payable not exceeding half month's salary for every completed year of service;

The aggregate of the salary and all perquisites as enumerated above, shall at no time exceed the limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, schedules thereto and rules there under, as well as any other statutory provisions as may be applicable.

2. Terms and Conditions of appointment of Whole Time Director, Mr. Pramod Vaswani

Tenure: Five (5) Years, from April 01, 2009 to March 31, 2014

The terms and conditions vide resolution passed at the meeting held on February 20, 2010 are as under:

Details of Remuneration:

Salary:

Rs 50,000/- per month revised with effect from March 01, 2010 vide resolution passed at the EGM held on February 20, 2010.

Fixed Dearness Allowance: 10% of the Salary

Perquisites

Category 'A'

Medical Reimbursement: 8.33% of Salary per Month towards Medical Expenses towards self and Family

Leave Travel Allowance: Self and Family not exceeding one month salary for every 11 months of service

Explanation: Family means the spouse, dependent children and parents of the appointee.

Category 'B'

The following shall form part of remuneration:

The contributions to Provident Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

Gratuity payable not exceeding half month's salary for every completed year of service;
The aggregate of the salary and all perquisites as enumerated above, shall at no time exceed the limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, schedules thereto and rules there under, as well as any other statutory provisions as may be applicable.

3. Terms and Conditions of appointment of Whole Time Director, Mr. Yashwant Vaswani

The terms and conditions vide resolution passed at the meeting held on February 20, 2010 are as under

Tenure: 5 Years, from April 01, 2010 to March 31, 2015

Details of Remuneration:

Salary:

Rs 30,000/- per month revised with effect from March 01, 2010 vide resolution passed at the EGM held on February 20, 2010

Fixed Dearness Allowance: 10% of the Salary

Perquisites

Category 'A'

Medical Reimbursement: 8.33% of Salary per Month towards Medical Expenses towards self and Family

Leave Travel Allowance: Self and Family not exceeding one month salary for every 11 months of service

Explanation: Family means the spouse, dependent children and parents of the appointee.

Category 'B'

The following shall form part of remuneration:

The contributions to Provident Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

Gratuity payable not exceeding half month's salary for every completed year of service;

The aggregate of the salary and all perquisites as enumerated above, shall at no time exceed the limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, schedules thereto and rules there under, as well as any other statutory provisions as may be applicable.

Terms and Conditions of Employment of Non-Executive Directors

We have not entered into any formal arrangements with our Non-Executive Directors. There are no other payments made to them apart from their sitting fees for attending meetings of the Board or Committee and reimbursement of travelling and other incidental expenses, if any.

Apart from the remuneration of our Executive Directors as stipulated under the heading "*Remuneration of Our Directors*" beginning on page no 104 of this Red Herring Prospectus. Our Non Executive Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act and the rules made there under and actual travel, boarding and lodging expenses for attending the Board or Committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of our Company in the last three years:

Sr.No.	Name	Date of Appointment	Date of Resignation	Remarks
1	Mr. Lekhu Thadharam Mulchandani	April 01, 2009	-	Fresh Appointment
2	Mr. Ashok Suri	April 01, 2009	-	Fresh Appointment
3	Mr. Sunny Saini	April 01, 2009	-	Fresh Appointment

Interest of our Directors

Except as stated in the “*Related Party Transaction*” beginning on page no 141 of this Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board and Committees as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of our Articles of Association. Our Director may also be regarded as interested in the Equity Shares, if any, held by them or their relatives in our Company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have taken all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

We have complied with the Listing Agreement with respect to corporate governance especially with respect to broad basing of our Board, constituting committees such Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration/Compensation Committee. Further, the provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We have also adopted the Corporate Governance Code in accordance with Clause 49 of the Listing Agreements to be entered into with the Stock Exchanges prior to listing. Currently our Board has 6 Directors, of which are independent directors (as defined under Clause 49), which constitutes 50% of our Board of Directors.

Name of the Director	Designation	Nature of Directorship	DIN
Mr. Ravi Vaswani	Managing Director	Executive Non – Independent Director	00308616
Mr. Pramod Vaswani	Whole Time Director	Executive Non – Independent Director	01627359
Mr. Yashwant Vaswani	Whole Time Director	Executive Non – Independent Director	01627408
Mr. Lekhu Mulchandani	Independent Director	Non – Executive Independent Director	02801146
Mr. Ashok Suri	Independent Director	Non – Executive Independent Director	00291897
Mr. Sunny Saini	Independent Director	Non – Executive Independent Director	01627408

Further, in compliance with Clause 49 of the Listing Agreement, the following Committees have been formed:

A. Audit Committee

The Audit Committee is constituted by the Board of Directors consisting of 3 directors as mentioned hereunder:

(i) Composition

Name of Director	Status in Committee	Nature of Directorship
Mr. Lekhu Thadharam Mulchandani	Chairman	Independent Director
Mr. Sunny Saini	Member	Independent Director
Mr. Pramod Vaswani	Member	Whole Time Director

(ii) Terms of Reference

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, if the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

B. Remuneration Committee

The Remuneration Committee is constituted by the Board of Directors consisting of 3 directors as mentioned hereunder:

(i) Composition

Name of Director	Status in Committee	Nature of Directorship
Mr. Lekhu Thadharam Mulchandani	Chairman	Independent Director
Mr. Ashok Suri	Member	Independent Director

Mr. Sunny Saini	Member	Independent Director
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(ii) Terms of Reference

1. The Remuneration Committee recommends to the board the compensation terms of the executive directors.
2. Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
3. Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
4. Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
5. Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

C. Shareholders' / Investor Grievances Committee

The Shareholders and Investors Grievances Committee is constituted by the Board of Directors consisting of 3 directors as mentioned hereunder:

(i) Composition

Name of Director	Status in Committee	Nature of Directorship
Mr. Lekhu Thadharam Mulchandani	Chairman	Independent Director
Mr. Sunny Saini	Member	Independent Director
Mr. Yashwant Vaswani	Member	Whole Time Director

The Company Secretary is the Compliance Officer.

(ii) Terms of Reference

The terms of reference of our Shareholders' / Investors Grievance Committee are given:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, and transfer of Equity Shares and issue of duplicate/split/consolidated share certificates.
3. 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;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. Ensure proper and timely attendance and Redressal of investor queries and grievances.
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
9. To review from time to time the secretarial department.
10. Investor relations and Redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;

Such other matters as may be from time to time are required by any statutory, contractual or other regulatory requirements to be attended to by such committee".

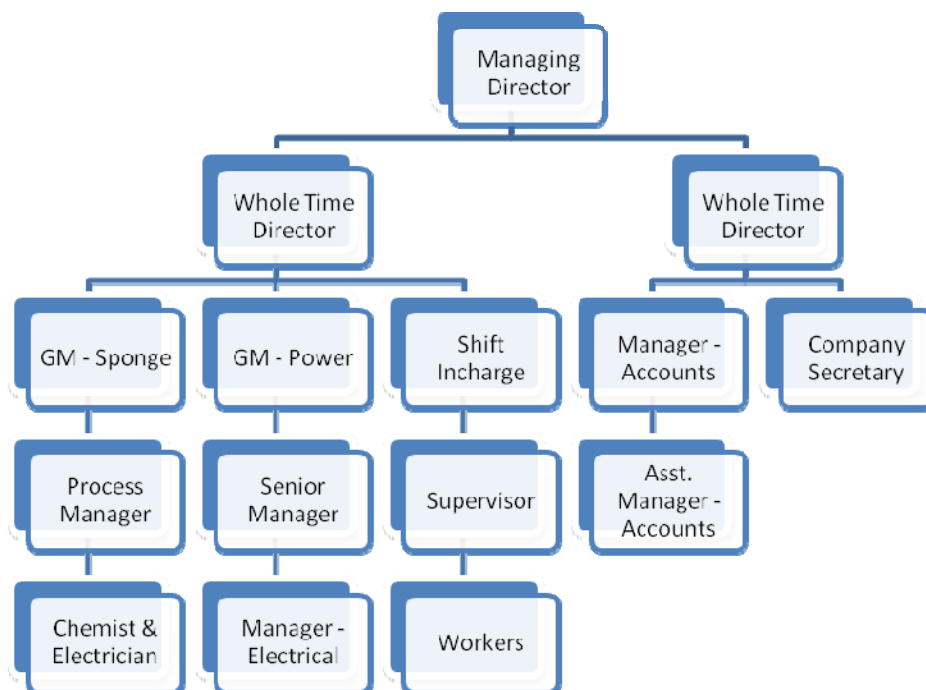
Shareholding of our Directors

Name of the Shareholder	No of Equity Shares	Pre-Issue Shareholding (%)
Mr. Ravi Vaswani	34,02,800	25.22
Mr. Pramod Vaswani	34,69,860	25.71

Mr. Yashwant Vaswani	21,50,840	15.95
Mr. Lekhu Thadharam Mulchandani	NIL	NIL
Mr. Ashok Suri	NIL	NIL
Mr. Sunny Saini	NIL	NIL

Management Organisation Structure

Our management organisation structure is set forth below:



Key Management Personnel

The details of our Key Managerial Personnel are set out below:

Sr. No	Name, Designation & Age, Experience	Qualification	Month of Joining	Functional Responsibility	Compensation Paid during Last FY (Rs in Lacs)	Previous Employment
1	Mr. Ashwini Kumar Sahu <i>Designation:</i> General Manager-Power <i>Age:</i> 39 years <i>Experience:</i> 16 years	Diploma in Electrical Engineering	July 2007	In-charge for Power Plant	4.20	Bindal Sponge Ltd., Orissa HEG Ltd., Durg
2	Mr. Pawan Kumar Jha <i>Designation:</i> Accounts Manager <i>Age:</i> 49 years <i>Experience:</i> 29 years	B.Com, I.C.W.A (Inter)	May 2005	In-charge for Accounts and Finance	3.06	Agrawal Oil Extraction Ltd., Raipur Dinesh Cement Udyog P Ltd., Raipur
3	Mr. K. Venkateswara Rao <i>Designation:</i> Shift In charge <i>Age:</i> 40 years <i>Experience:</i> 16 years	B. Com	Nov 2007	Boiler Operation	3.00	Creast Steel & Power Ltd. Joratarai HEG Ltd., Durg
4	Mr. Saurav Kumar Pal <i>Designation:</i> Administration (Accounts) <i>Age:</i> 31 years <i>Experience:</i> 29 years	M. Com	May 2007	Maintenanc e of Books of Accounts	2.04	Ganpati Industrial Pvt Ltd
5	Mr. Lomesh Kumar Dewangan <i>Designation:</i> Sr. Chemist (Laboratory) <i>Age:</i> 42 years <i>Experience:</i> 29 years	B.Sc	Feb 2004	In-charge for Laboratory	3.39	HEG Ltd., Durg
6	Ms. Rachana Hingar <i>Designation:</i> Company Secretary <i>Age:</i> 31 years <i>Experience:</i> 5 years	A.C.S, L.L.B, M.com, B.Com	March, 2010	Secretarial and Compliance	4.20	Scantling Granite Ltd
7	Mr. H K Suryawanshi <i>Designation:</i>	B.E., M. Tech	July 2007	H.O.D for PO (operations)	3.51	M/s Mahendra Sponge & Power

	Senior Manager (O&M Power Plant) Age: 38 years Experience: 11 years			& Maintenanc e & Boiler Operations In charge		M/s Ind Synergy Ltd M/s HEG Ltd
8	Mr. Makineni Ramarao Designation: General Manger Age: 54 years Experience: 31 years	Diploma in Mechanical Engineering	May 2010	Managing over all operation/ maintenanc e/production regarding sponge iron division	1.80*	M/s Rajco Industrial Service (P) Ltd M/s Suvama Cements Ltd M/s Popuri Plant Tech (P) Ltd
9	Mr. Sheesh Mohammed Ismail Khan Designation: Process Manager Age: 39 years Experience: 11 years	Diploma Metallurgy	August 2010	Process Observation	0.81*	M/s Raipur Alloys & Steel Ltd M/s S. Co. Steel Ltd M/s Godawari Power & Ispat Ltd M/s Crest Steels & Power Ltd

Note:

All the key managerial personnel mentioned above are the permanent employees of our Company and are not related to each other.

There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus.

Bonus or Profit Sharing Plan for Key Management Personnel

There is no specific bonus or profit sharing plan for the Key Management Personnel other than as decided by the management.

Relation of the Key Management Personnel with our Promoters/Directors

None of our Key Management Personnel are related to the Promoters or Directors of our company within the meaning of Section 6 of the Companies Act, 196.

Changes in the Key Management Personnel

There has been no change in the Key Management Personnel during the last three years except following:

Sr.No.	Name	Month of Appointment	Remarks
1	Ms. Rachana Hingar	March, 2010	Fresh Appointment
2	Mr. Makineni Ramarao	May, 2010	Fresh Appointment

3	Mr. Sheesh Mohammed Ismail Khan	August, 2010	Fresh Appointment
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Employees

The details of our employees appear under section titled "*Our Business*" under paragraph Manpower on page no 84 of this Red Herring Prospectus.

Employees Stock Option Scheme

Our company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

Payment or Benefit to Officers of our Company

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have not paid any amount or given any benefit to any officer of our company in a period of two years before the date of filing of this Red Herring Prospectus, nor is such amount or benefit intended to be paid or given to any officer as on the date of the filing of this Red Herring Prospectus.

Interest of Key Management Personnel

The Key Management Personnel of our Company do 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.

None of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel were selected as a key managerial personnel or member of senior management. There are no benefits available to key managerial personnel upon termination of employment.

OUR PROMOTERS AND THEIR BACKGROUND

Our Promoters

Details of Promoters

	<i>Name</i>	Mr. Ravi Vaswani
	<i>Designation</i>	Managing Director
	<i>Qualification</i>	B.Com
	<i>Nationality</i>	Indian
	<i>PAN</i>	ABJPV7300E
	<i>Driving License Number</i>	R/5235/R
	<i>Passport Number</i>	G5865702

Mr. Ravi Vaswani, aged 48 yrs is the Managing Director of our company. He is a Commerce Graduate by qualification and is a founder of Vaswani Group. He entered into this Industry at an early age and started working in his father's firm M/s. Kwaliti Foundry Industries which was founded more than two decades ago and is engaged in the manufacturing of C.I. Castings and Trading of Pig Iron & Scrap. He has achieved extensive knowledge in trading and marketing of sponge iron and steel billets/ingots.

	<i>Name</i>	Mr. Pramod Vaswani
	<i>Designation</i>	Whole Time Director
	<i>Qualification</i>	M.Com
	<i>Nationality</i>	Indian
	<i>PAN</i>	ABKPV6236G
	<i>Driving License Number</i>	P/7966/R/84
	<i>Passport Number</i>	A8326251

Mr. Pramod Vaswani, aged 41 yrs., is the Whole Time Director of our company. He completed Master in Commerce. He is also a founder of Vaswani Group. He has widespread experience in trading of Iron & steel and has been instrumental in the establishment of the Sponge Iron unit. In the process, he gained extensive knowledge of setting up of such unit. Further, he has been engaged in the trading business of C. I. Scrap & Core Veneer for last 16 years. He is responsible for the day to day operations of our company.

	<i>Name</i>	Mr. Yashwant Vaswani
	<i>Designation</i>	Whole Time Director
	<i>Qualification</i>	B.Com (II Year)
	<i>Nationality</i>	Indian
	<i>PAN</i>	ADPPVC27CP
	<i>Driving License Number</i>	Y/1531/R
	<i>Passport Number</i>	H4096037

Mr. Yashwant Vaswani, aged 25 yrs., is the Whole Time Director of our company. He is an under graduate (Commerce) by qualification. He entered the family business with his father Mr. Ravi Vaswani in his proprietorship firm named M/s Kwaliti Foundry Industries. Further, being involved with the Sponge Iron plant from the conception stage and onwards, he has gained hands-on experience in the day-to-day operation of the same.

We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to Bombay Stock Exchange Limited (BSE) & The National Stock Exchange of India Limited (NSE), on which our company proposes to list its Equity Shares at the time of filing of the Draft Red Herring Prospectus.

Further our Promoters have not been identified as wilful defaulters by the Reserve Bank of India or any other Governmental authority and there are no violations of securities laws committed by the promoters in the past or any such proceedings are pending against the Promoters. None of the Promoters, persons forming part of Promoter Group have been (i) prohibited from accessing the capital markets under any order or directions passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any Stock Exchange(s), in India or abroad.

Nature of any Family Relationship between our Promoters

Mr. Ravi Vaswani and Mr. Pramod Vaswani are brothers and Mr. Yashwant Vaswani is son of Mr. Ravi Vaswani.

Interest of Promoters

Our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Further, our Promoters, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees constituted thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered in accordance with the provisions of the Companies Act and in terms of the Articles.

Our Promoters may be deemed to be interested to the extent of the equity shares held by them, their friends and relatives, and benefits arising from their holding directorship / employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures they are interested as a Promoter, Director or otherwise.

Except as stated herein above and as stated in “*Risk Factors*”, “*Related Party Transactions*” appearing on page no’s 11 and 141 respectively of the Red Herring Prospectus. We have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Further, except as stated in this section and in the sections titled “*Risk Factors*”, “*Objects of the Issue*” and “*Our Management*” beginning on pages 11, 58, 102 respectively, and section titled “*Financial Statements*” beginning on page no 129 of the Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years of the date of the Red Herring Prospectus.

Payment or benefit to Promoters of Our Company

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Red Herring Prospectus or is intended to be given by us except as mentioned at Related Party Transactions, Annexure VI under the sections titled “*Auditors Report and Financial Information*” beginning on page no 129 of the Red Herring Prospectus.

Common Pursuits

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us except as mentioned in the section “*Financial Information of Group Entities*” beginning on page no 118 of this Red Herring Prospectus.

In addition to the persons named above, the following natural persons, due to their relationship with our promoters, are part of our Promoter Group in terms of Regulation 2(1)(zb) of SEBI, ICDR Regulations, 2009.

Relatives of the Promoter that form part of the Promoters Group is as under:

The following natural persons, HUFs, companies and partnerships constitute our promoter group under the ICDR Regulations (the “Promoter Group”):

The natural persons who are part of the Promoter Group, other than the Promoters named above, are as follows:

- (i) Smt. Sudha Vaswani, Wife of Mr. Ravi Vaswani
- (ii) Smt. Manisha Vaswani , Wife of Late Mr. Sanjay Vaswani
- (iii) Smt. Juhi Vaswani , Wife of Mr. Pramod Vaswani
- (iv) Mr. Satish Vaswani , Uncle of Mr. Ravi Vaswani & Mr. Pramod Vaswani
- (v) Smt. Maya Vaswani , Wife of Mr. Satish Vaswani
- (vi) Smt. Kirti Vaswani , Daughter in Law of Mr. Satish Vaswani
- (vii) Smt. Kavita Vaswani , Daughter in Law of Mr. Satish Vaswani

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

Group Companies:

- 1. Cosmos Castings (India) Limited
- 2. Vaswani Ispat Limited
- 3. Vaswani Cement Limited
- 4. Shubh Infrastructures Limited
- 5. Vaswani Energy Limited
- 6. Kwaliti Iron Foundry India Limited
- 7. Elite Build home Limited
- 8. C G Ispat Private Limited

Proprietorship Concern:

- 1. Kwaliti Foundry Industries

HUF:

- 1. Mr. Ravi Vaswani HUF

FINANCIAL INFORMATION OF GROUP ENTITIES

The following Entities, Proprietary Concerns have been promoted by the Promoter of our Company and are referred to in this Red Herring Prospectus as the "Group Companies".

Group Companies:

1. Cosmos Castings (India) Limited
2. Vaswani Ispat Limited
3. Vaswani Cement Limited
4. Shubh Infrastructures Limited
5. Vaswani Energy Limited
6. Kwaliti Iron Foundry (India) Limited
7. Elite Build home Limited
8. C.G. Ispat Private Limited

Proprietorship Concern:

1. Kwaliti Foundry Industries

HUF:

1. Ravi Vaswani HUF

Group Entities:

1. Cosmos Castings (India) Limited

Date of Incorporation	The company was incorporated as Saini Ispat Limited on September 6, 1995. Its name was changed to Cosmos Castings (India) Limited on September 21, 1999.
CIN	U27106CT1995PLC009927
Registered Office	MIG-4, Indrawati Colony, Raipur - 492 001, Chhattisgarh
Nature of Business	Our Company is engaged in production of superior quality range of Heavy Structural Steel and TMT Re-bars. The Products are marketed under the brand name of 'POWER'.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Director
2	Mr. Dharampal Kalash	Director
3	Mr. Prakash Kalash	Director

Shareholding Pattern as on September 15, 2010

Sr.No.	Name of the Shareholders	No. of Shares Held	% Holding
1	Mr. Ravi Vaswani	9,70,000	17.67
2	Mr. Dharampal Kalash	7,45,103	12.62
3	Mr. Prakash Kalash	6,18,667	11.27
4	Mr. Yashwant Vaswani	9,13,000	16.63
5	Mr. Ramesh Kalash	3,14,500	5.73
6	Mrs. Sudha Vaswani	8,61,730	16.65
7	Mrs. Manju Kalash	1,73,333	3.16
8	Mrs. Kanchan Kalash	1,73,333	3.16
9	Mrs. Sarita Kalash	1,98,633	3.62
10	Mrs. Harbansh Lal	2,77,893	5.06
11	Natura Hue Chem. Limited	6,667	0.12
12	Mr. Nand Lal Sahu	1,53,000	2.79
13	Mr. Anil Chandra Rai	8,400	0.15
14	Mr. Parmanand Sahu	8,400	0.15
15	New era Alkalites & Export Ltd	49,334	0.90

16	Mahutkarsh Securities & Export Private Limited	5,333	0.09
17	Ms. Sarita Sharma	7,134	0.13
18	Ms. Jaheda Bano	5,000	0.09
	TOTAL	54,89,460	100.00

Brief Audited Financial Information

(Rs in Lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Equity Share Capital	548.95	497.61	472.73
Reserves & Surplus	1307.66	972.20	805.71
Share Holders Funds/Net Worth	1856.61	1469.81	1278.44
Sales	12529.82	16178.83	13868.58
Profit / Loss After Tax	1.80	1.02	51.37
EPS (FV Rs 10)	0.03	0.02	1.04
NAV per share of FV Rs. 10/- each	33.82	29.54	27.04

Other Details

- The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- The Company does not have any negative Net worth.
- No proceedings have been initiated for economic offences against the Company.

2. Vaswani Ispat Limited

Date of Incorporation	The company was incorporated as Vaswani Ispat Limited on October 17, 2008.
CIN	U27100CT2008PLC020905
Registered Office	12-13, Vijeta Complex, Shastri Bazaar, Raipur – 492 001, Chhattisgarh
Nature of Business	The principal activity of the company is to undertake manufacturing of iron and steel products including bar, rods, structures, castings, pipes.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Director
2	Mr. Pramod Vaswani	Director
3	Mr. Yashwant Vaswani	Director

Shareholding Pattern as on September 15, 2010

Sr.No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Mr. Ravi Vaswani	5,000	10.00
2	Mr. Pramod Vaswani	5,000	10.00
3	Mr. Yashwant Vaswani	5,000	10.00
4	Vaswani Industries Limited	5,000	10.00
5	Mrs. Sudha Vaswani	10,000	20.00
6	Mrs. Manisha Vaswani	10,000	20.00
7	Mrs. Juhi Vaswani	10,000	20.00
	TOTAL	50,000	100.00

Brief Audited Financial Information*(Rs. In Lacs)*

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Equity Share Capital	5.00	5.00	NA
Reserves & Surplus	-	-	NA
Misc. Exp not w/o	0.39	0.35	NA
Share Holders Funds/Net Worth	4.61	4.65	NA
Sales	-	-	NA
Profit / Loss After Tax	-	-	NA
EPS (FV Rs 10)	-	-	NA
NAV per share of FV Rs. 10/- each	9.22	9.30	NA

Since the company has not commenced operations, there are no figures available for Sales, Profit/Loss and EPS...

Other Details

- The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- No proceedings have been initiated for economic offences against the Company.

3. Vaswani Cement Limited

Date of Incorporation	The company was incorporated as Vaswani Cement Limited on February 20, 2009.
CIN	U26940CT2009PLC021069
Registered Office	MIG-4, Indrawati Colony, Raipur - 492 001, Chhattisgarh
Nature of Business	The principal activity of the company is to undertake manufacturing and trading of cements.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Director
2	Mr. Pramod Vaswani	Director
3	Mr. Yashwant Vaswani	Director

Shareholding Pattern as on September 15, 2010

Sr.No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Mr. Ravi Vaswani	5,000	10.00
2	Mr. Pramod Vaswani	5,000	10.00
3	Mr. Yashwant Vaswani	5,000	10.00
4	Mr. Kushal Vaswani	5,000	10.00
5	Mrs. Sudha Vaswani	10,000	20.00
6	Mrs. Manisha Vaswani	10,000	20.00
7	Mrs. Juhi Vaswani	10,000	20.00
	TOTAL	50,000	100.00

Brief Audited Financial Information*(Rs in Lacs)*

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Equity Share Capital	5.00	5.00	NA
Reserves & Surplus	-	-	NA
Misc. Exp not w/o	0.42	0.39	NA

Share Holders Funds/Net Worth	4.58	4.61	NA
Sales	-	-	NA
Profit / Loss After Tax	-	-	NA
EPS (FV Rs 10)	-	-	NA
NAV per share of FV Rs. 10/- each	9.16	9.22	NA

Since the company has not commenced operations, there are no figures available for Sales, Profit/Loss and EPS..

Other Details

- The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- No proceedings have been initiated for economic offences against the Company.

4. Shubh Infrastructure Limited

Date of Incorporation	The company was incorporated as Shubh Infrastructures Limited on June 28, 2005.
CIN	U45203CT2005PLC17748
Registered Office	"Vrindavan" Opposite Holy Hearts School, Civil Lines, Raipur - 492 001, Chhattisgarh
Nature of Business	The principal activity of the company is to undertake development, operation and maintenance of infrastructure facilities on BOT basis

Board of Directors

Sr. No.	Name	Designation
1	Mr. Shiv Kumar Agrawal	Director
2	Mr. Raja Nathani	Director
3	Mr. Vijay Anand Jhanwar	Director
4	Mr. Ravi Vaswani	Director
5	Mr. Pramod Vaswani	Director

Shareholding Pattern as on September 15, 2010

Sr. No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Mr. Raja Nathani	7143	14.29
2	Mr. Om Prakash Singhanian	7143	14.29
3	Mr. Rajan Agrawal	7143	14.29
4	Mr. Kamal Kedia	7143	14.29
5	Mr. Ravi Vaswani	7143	14.29
6	Mr. Pramod Vaswani	7142	14.28
7	Mr. Shiv Kumar Agrawal	7143	14.29
	TOTAL	50,000	100.00

Financial Information

Since Company has not commenced operations, financial information are not been disclosed.

Other Details

- The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.

- (b) The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- (c) No proceedings have been initiated for economic offences against the Company.

5. Vaswani Energy Limited

Date of Incorporation	The company was incorporated as Vaswani Energy Limited on March 16, 2010.
CIN	U40100CT2010PLC021654
Registered Office	MIG-4, Indrawati Colony, Raipur - 492 001, Chhattisgarh
Nature of Business	To undertake business of power generation plants of Conventional and Non-conventional sources.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Director
2	Mr. Pramod Vaswani	Director
3	Mr. Yashwant Vaswani	Director

Shareholding Pattern as on September 15, 2010

Sr.No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Mr. Ravi Vaswani	10,000	20.00
2	Mr. Pramod Vaswani	10,000	20.00
3	Mr. Yashwant Vaswani	10,000	20.00
4	Mrs. Sudha Vaswani	5,000	10.00
5	Mr. Kushal Vaswani	5,000	10.00
6	Mrs. Manisha Vaswani	5,000	10.00
7	Mrs. Juhi Vaswani	5,000	10.00
	TOTAL	50,000	100.00

Brief Audited Financial Information

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Equity Share Capital	5.00	NA	NA
Reserves & Surplus	-	NA	NA
Misc. Exp not w/o	0.47	NA	NA
Share Holders Funds/Net Worth	4.53	NA	NA
Sales	-	NA	NA
Profit / Loss After Tax	-	NA	NA
EPS (FV Rs 10)	-	NA	NA
NAV per share of FV Rs. 10/- each	9.06	NA	NA

Since the company was incorporated on March 16, 2010 and has not commenced operations, there are no figures available for Sales, Profit/Loss and EPS.

Other Details

- (a) The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- (b) The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- (c) No proceedings have been initiated for economic offences against the Company.

6. Kwaliti Iron Foundry India Limited

Date of Incorporation	The company was incorporated as Kwaliti Iron Foundry India Limited on July 27, 2010.
CIN	U27100CT2010PLC021967
Registered Office	MIG – 4, Indrawati Colony, Raipur - 492 001, Chhattisgarh
Nature of Business	To undertake the business of Iron Foundry, metal foundry, metal presses, metal rollers, and metal converters.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Director
2	Mr. Pramod Vaswani	Director
3	Mr. Yashwant Vaswani	Director

Shareholding Pattern as on September 15, 2010

Sr.No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Mr. Ravi Vaswani	8000	14.286
2	Mr. Pramod Vaswani	8000	14.286
3	Mr. Yashwant Vaswani	8000	14.286
4	Mrs. Sudha Vaswani	8000	14.286
5	Mrs. Juhi Vaswani	8000	14.286
6	Mr. Kushal Vaswani	8000	14.286
7	Mrs. Manisha Vaswani	8000	14.286
	TOTAL	56,000	100.00

Financial Information

Since company was incorporated in July 27, 2010, there are no audited financial statements available.

Other Details

- The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- No proceedings have been initiated for economic offences against the Company.

7. Elite Build home Limited

Date of Incorporation	The Company is incorporated as Elite Build home Limited on September 20, 2010.
CIN	U70101CT2010PLC022062
Registered Office	MIG-4, Indrawati Colony, Raipur - 492 001, Chhattisgarh.
Nature of Business	To undertake business activities as developers of land, colonies, sheds, buildings etc.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Director
2	Mr. Kishore Khetpal	Director

3	Mr. Sevak Ram Premchandani	Director
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Shareholding Pattern as on September 21, 2010

Sr.No.	Name of the Shareholders	No. of Shares Held	% Holding
1	Mr. Ravi Vaswani	7,143	14.286
2	Mr. Kishore Khetpal	7,143	14.286
3	Mr. Sevak Ram Premchandani	7,143	14.286
4	Mr. Pramod Vaswani	7,143	14.286
5	Mr. Ashish Premchandani	7,143	14.286
6	Mr. Pradeep Khetpal	7,143	14.286
7	Mr. Nirmal Khetpal	7,142	14.284
	TOTAL	50,000	100.00

Financial Information

Since Elite Build home Limited was incorporated in September 20, 2010, there are no audited financial statements available.

Other Details

- (a) The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- (b) The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- (c) No proceedings have been initiated for economic offences against the Company.

8. C. G. Ispat Private Limited

Date of Incorporation	The Company was incorporated as C. G. Ispat Private Limited on September 19, 2004.
CIN	U27104CT2004PTC16909
Registered Office	Jai Maa Vaishnav Bhawan, Station Road, Opp. Arihant Complex, Raipur - 492 001, Chhattisgarh.
Nature of Business	The principal activity of the company is to undertake manufacturing of iron and steel products including bar, rods, structures, bright bars, pipes. Sheets etc

Board of Directors

Sr.No.	Name	Designation
1	Mr. Ravi Vaswani	Additional Director
2	Mr. Pramod Vaswani	Additional Director
3	Mr. Gyanchand Kothari	Director
4	Mr. Anand Chopkar	Director
5	Mr. Gopal Agarwal	Director
6	Mr. Padam Kothari	Director
7	Mr. Jitendra Agrawal	Director
8	Mr. Ajay Kumar Bhivgade	Director
9	Mr. Vinay Parekh	Director
10	Mr. Gautam Parekh	Director

Shareholding Pattern as on January 31, 2011

Sr.No.	Name of the Shareholders	No. of Shares Held	% Holding
1	Mr. Ravi Vaswani	4,05,500	9.52
2	Mr. Pramod Vaswani	6,54,000	15.36

3	Mr. Yashwant Vaswani	9,40,750	22.09
4	Vaswani Industries Limited	20,77,250	48.78
5	Vaswani Ispat Limited	1,81,250	4.26
	TOTAL	42,58,750	100.00

Brief Audited Financial Information

(Rs in Lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Equity Share Capital	425.88	422.08	406.85
Reserves & Surplus	1,957.78	1,793.08	1,469.35
Share Holders Funds / Net Worth	2,383.76	2,215.16	1,876.20
Sales	30,822.40	22,762.50	22,117.03
Profit / Loss After Tax	92.50	129.00	239.05
EPS (FV Rs 10)	2.17	3.06	5.88
NAV per share of FV Rs. 10/- each	55.98	52.49	46.12

Other Details

- The shares of the company are not listed on any Stock Exchange and it has not made any Public Issue or Rights Issue in the preceding three years to the date of filing of this Red Herring Prospectus.
- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- No proceedings have been initiated for economic offences against the Company.

Proprietary Concern:

1. Kwaliti Foundry Industries

It is a proprietary concern of Mr. Ravi Vaswani and is engaged in the business for more than two decades. It is manufacturing C. I. Pipes, Fittings, C. I. Special, Manhole Covers, D Joints, Ingot Mould, Centre Column, Bottom Plate & Rolling Mill parts.

Registered Office

Kwaliti Foundry Industries

12-13, Vijeta Complex,
Shastri Bazaar,
Raipur-492 001

Brief Audited Financial Information

(Rs in Lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Capital	586.08	117.26	70.00
Add: Profit during the year	2.39	2.84	8.24
Total Capital	588.47	120.10	78.24
Total Income	3686.99	4379.29	3612.57
Profit / Loss After Tax	2.39	2.84	8.24

HUF:

- Ravi Vaswani HUF is a Hindu Undivided Family, represented by its karta, Mr. Ravi Vaswani

Financial Performance

(Rs in Lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Capital Account	96.98	96.07	93.96
Income	1.55	0.04	0.11
Net Surplus	0.91	0.64	0.74

Disassociation by the Promoters in the last Three years

Except as disclosed below, our promoters have not been disassociated themselves from any company or firm during the three years immediately preceding the date of filing of this Red Herring Prospectus with the SEBI.

Sr. No.	Name of the Company	Date of Disassociation	Reason for Disassociation
1	Cosmos Sponge and Power Limited	October 12, 2009	Resignation from Directorship

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout the Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in the Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

The declaration and payment of dividends in future, if any, will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of our Company. The dividends declared by our company in the past financial years have been presented below:

Particulars	For the year ended March 31,				
	Period ended Oct' 2010	2010	2009	2008	2007
Equity shares					
Number of shares	13490700	13490700	11266200	11216200	9436200
Face value (Rs)	10/-	10/-	10/-	10/-	10/-
Paid-up value (Rs)	10/-	10/-	10/-	10/-	10/-
Rate of dividend	0.00%	2.5%	5%	0.00%	0.00%
Total dividend (Rs)	0.00	33.72	56.33	0.00	0.00
Corporate dividend tax on above (Rs)	0.00	5.73	9.57	0.00	0.00

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL STATEMENTS

AUDITORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

To,
The Board of Directors,
Vaswani Industries Limited,
12-13, Vijeta Complex,
Shastri Bazaar,
Raipur-492 001

Dear Sirs,

We have examined the restated Financial Information of **Vaswani Industries Limited** ("VIL" or "Company") annexed to this report as approved by the Board of Directors of the company and in accordance with the requirements of:

- a) Paragraph B (1) of Part - II of Schedule II of the Companies Act, 1956 ("the Act"),
- b) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI Regulations")
- c) In terms of reference agreed upon with you with the proposed issue of Equity Share of the Company

Restated Financial Information as per audited financial Statements:

- (1) We have examined the attached restated summary statement of assets and liabilities **Annexure I** of the company for 7 months period ended October 31, 2010 and for financial year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006. The attached restated summary statement of profit & loss **Annexure II** and cash flows **Annexure III** for each of the periods ended on those dates (summary statements) as prepared by the company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and fully described in the notes appearing in **Annexure IV** to this report. These financial statements for all the completed years have been approved by the Board of Directors of the company and adopted by the members of the company for the respective years.
- (2) We have considered the relevant financial statements in respect of company which were audited by Sunil Johri & Associates Chartered Accountants for 7 months period ended October 31, 2010 and for financial year ended on March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006 and re-audit of financials statement for the year ended on March 31, 2010 has been done by us.
- (3) The summary of significant accounting policies adopted by the company is enclosed as **Annexure V** to this report.
- (4) Based on our examination of these summary statements we confirm that:

The impact of changes in the accounting policies/ material documents adopted by the company for 7 months period ended October 31, 2010 and for financial year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 have been adjusted with retrospective effect in the attached summary statements;

- The prior period items have been adjusted in the summary statements in the years in which they are found out as prior period items;
- There are no extra ordinary items which needs to be disclosed separately in the summary statements; and
- There are no qualifications in the auditor's report, which require any adjustments to the summary statements.

Other Financial Information:

We have also examined the following other financial information relating to the Company, as at and for 7 months period ended October 31, 2010 and for financial year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, which is set out in the Annexure VI to XVII and proposed to be included in the Offer Document, as prepared by the management and approved by the Board of Directors of the company and annexed to this report;

- i. Details of Related Party Disclosures included in *Annexure-VI*;
- ii. Details of Reserves & Surplus included in *Annexure-VII*;
- iii. Details of Contingent Liabilities included in *Annexure-VIII*;
- iv. Statement of Outstanding Secured & Unsecured Loans taken by the Company included in *Annexure-IX & X*;
- v. Details of Investments included in *Annexure-XI*;
- vi. Details of Current Assets included in *Annexure-XII*;
- vii. Age-wise analysis of Sundry Debtors and details of Loans and Advances included in *Annexure-XIII & XIV*;
- viii. Details of Current Liabilities & Provisions included in *Annexure-XV*;
- ix. Details of Other Income included in *Annexure-XVI*;
- x. Statement of Dividend paid included in *Annexure-XVII*;
- xi. Capitalization Statement included in *Annexure-XVIII*;
- xii. Summary of Accounting Ratios based on Adjusted Profits relating to the Earning Per Share, Net Asset Value and Return on Net Worth included in *Annexure-XIX*;
- xiii. Statement of Tax Shelter included in *Annexure-XX*;

This report should not in any way be construed to be a re-issuance or re-dating of any of the previous audit reports issued by us, nor should it be construed to be a new opinion on any of the financial statements referred to herein.

Our this report, is being provided solely for your information and for the purpose of its inclusion in the said Offer Document in connection with the proposed Initial Public Offer of the Equity Shares of the Company.

This report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
MOTILAL JAIN & ASSOCIATES
Chartered Accountants

(MOTILAL JAIN)
Proprietor
Membership No: 72404
Firm Registration No: 003393C
Place: Indore
Date: April 05, 2011

Annexure - I

Summary statement of Assets & Liabilities, as Restated

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
FIXED ASSETS						
Gross Block	9497.38	7358.86	6219.18	6087.72	2175.86	2159.62
Less: Depreciation	1313.96	1054.69	724.52	404.29	171.24	61.20
NET BLOCK	8183.42	6304.16	5494.66	5683.43	2004.62	2098.42
Capital work in progress	10.75	1497.04	14.75	9.47	2022.54	6.69
NET FIXED ASSETS (A)	8194.17	7801.21	5509.41	5692.91	4027.16	2105.11
INVESTMENT (B)	629.49	8.38	1.08	0.07	5.00	5.00
Current Assets, Loans & Advances						
Inventories	1063.82	643.76	1826.81	1009.55	341.18	544.61
Sundry debtors	1159.07	595.18	408.93	356.78	528.50	181.18
Cash & Bank Balances	23.12	94.91	5.00	29.74	434.98	7.52
Loans & Advances	1940.86	2157.84	947.22	2384.89	1670.16	331.71
Other Current Assets	287.28	174.44	202.09	154.33	26.71	36.95
TOTAL (C)	4474.15	3666.13	3390.05	3935.30	3001.53	1101.97
Liabilities and Provisions						
Secured Loans	6765.73	5203.91	3994.82	5752.65	4116.44	1579.12
Unsecured Loans	279.72	473.00	1057.99	188.35	215.99	474.20
Deferred Tax Liabilities	740.96	614.11	423.49	249.38	68.50	25.42
Current Liabilities & Provisions	1282.65	1220.54	797.81	1086.03	639.06	213.97
TOTAL (D)	9069.06	7511.56	6274.11	7276.40	5039.99	2292.71
NET WORTH (A+B+C-D)	4228.75	3964.16	2626.43	2351.87	1993.70	919.37
Represented by:						
Equity Share Capital	1349.07	1349.07	1126.62	1121.62	943.62	600.62
Share Application Money	0.00	0.00	0.00	0.00	356.00	14.00
Reserves & Surplus	2956.95	2687.57	1580.26	1232.23	697.04	308.70
Less: Miscellaneous Expenditure	(77.27)	(72.48)	(80.45)	(1.98)	(2.97)	(3.95)
NET WORTH	4228.75	3964.16	2626.43	2351.87	1993.70	919.37

Annexure - II

Summary Statement of Profits & Losses, as Restated

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
SALES	7506.26	9851.48	15092.45	8523.06	4485.11	1522.26
Less: Excise Duty on Sales	594.79	655.04	1711.62	1186.86	638.85	216.28
Net Sales	6911.47	9196.44	13380.83	7336.20	3846.26	1305.98
Other income	31.54	34.51	69.18	21.13	96.39	96.44
Increase/(Decrease) in Inventories	(65.46)	(145.82)	(212.67)	493.22	46.08	26.90
TOTAL INCOME	6877.55	9085.13	13237.34	7850.55	3988.73	1429.33
EXPENSES						
Raw Material Consumed	5067.07	6479.08	9495.24	5547.22	3279.46	1102.02
Manufacturing Expenses	517.78	741.95	1889.72	949.31	146.93	70.08
Personnel cost	141.72	185.62	134.29	67.04	31.66	27.33
Administrative Expenses	147.98	203.92	181.06	105.33	134.94	47.93
Selling & distribution Expenses	13.40	24.29	19.63	22.58	18.80	4.31
TOTAL EXPENSES	5887.95	7634.85	11719.94	6691.48	3611.78	1251.57
Profit Before Interest & Depreciation	989.60	1450.28	1517.40	1159.07	376.95	177.76
Less: Interest Expenses	324.69	512.05	567.13	397.44	166.32	34.72
Profit before depreciation	664.91	938.22	950.27	761.63	210.63	143.04
Less: Depreciation	260.81	338.14	326.23	233.84	111.13	61.19
Profit Before Tax & Prior Period Adjustment	404.10	600.08	624.04	527.79	99.51	81.85
Add/(Less): Prior Period Adjustment	0.00	2.52	5.38	0.00	0.00	0.52
Less: Provision for Taxation						
Current Tax (MAT)	7.87	45.19	44.76	0.00	10.38	6.17
Fringe Benefit Tax	0.00	0.00	1.60	6.35	0.71	0.00
Deferred Tax Liability	126.85	190.62	174.12	180.87	43.08	25.42
Add: Excess Provision of IT in previous year	0.00	1.40	0.00	0.00	0.00	0.00
Profit After Tax	269.38	368.19	408.94	340.57	45.34	50.78

Annexure - III

Summary of Cash Flow, as Restated*

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31				
		2010	2009	2008	2007	2006
Cash Flow from Operating Activities						
Net Profit/(Loss) before Taxation & extraordinary items	404.10	602.61	629.42	527.79	99.51	82.37
Adjustments for :						
Depreciation	260.81	338.14	326.23	233.84	111.13	61.19
Interest charged to P&L A/c	324.69	512.05	567.13	397.44	166.31	34.72
Dividend	0.00	0.00	0.00	(0.09)	(0.22)	0.00
Net Loss/(Profit) on sale of Investment	0.00	0.00	0.00	(3.90)	0.00	0.00
Net Loss/(Profit) on sale of asset	1.03	1.22	5.49	(2.18)	6.86	0.00
Preliminary expenses written off	0.00	17.33	3.22	0.99	0.99	0.99
Operating Profit before Working Capital Changes	990.63	1471.35	1531.49	1153.88	384.58	179.27
Adjustment for:						
Trade & other receivable	(461.34)	(1301.16)	1393.98	(593.05)	(1672.53)	(226.95)
Inventories	(420.06)	1183.05	(817.26)	(668.37)	203.43	(409.52)
Trade payables	123.87	450.77	(354.12)	389.16	420.88	139.06
Cash generated from operations	233.10	1804.00	1754.08	281.61	(663.64)	(318.14)
Direct taxes	(28.58)	(119.93)	(102.57)	(10.38)	(9.87)	(1.00)
Net Cash from Operating Activities (A)	204.52	1684.07	1651.51	271.23	(673.51)	(319.14)
Cash Flow from Investing Activities						
Purchase of Fixed Assets	(645.11)	(1167.16)	(303.36)	(1893.43)	(26.88)	(896.72)
Sale of fixed assets	1.06	20.09	160.41	6.38	2.70	0.00
Increase in Capital Work in Progress	(10.75)	(1491.65)	(86.99)	(9.47)	(2015.85)	(6.69)
Miscellaneous Expenses Capitalised	(4.79)					
Purchase of Investment	(621.11)	(2.60)	(1.01)	(0.07)	0.00	(4.99)
Dividend Received	0.00	0.00	0.00	0.09	0.22	0.00
Sale of Investment	0.00	0.00	0.00	8.90	0.00	0.00
Net Cash used in Investing Activities (B)	(1280.70)	(2641.32)	(230.94)	(1887.60)	(2039.81)	(908.40)
Cash Flow from Financing Activities						
Proceeds from Unsecured Loans						
Amount Received	372.76	1023.62	1536.44	144.04	112.59	479.13
Amount Repaid	(566.04)	(1608.62)	(666.79)	(171.68)	(370.80)	(56.32)

Proceeds from Bank Borrowings						
Amount Received	12640.18	16483.41	19140.79	14348.09	9237.58	3516.47
Amount Repaid	(11078.36)	(15274.32)	(20898.62)	(12711.88)	(6700.26)	(2859.27)
Money received towards Share Capital & Application Money	0.00	222.45	5.00	0.00	685.00	92.52
Money Received towards Security Premium	0.00	778.57	5.00	0.00	343.00	94.17
Interest Paid	(324.69)	(512.05)	(567.13)	(397.44)	(166.32)	(34.72)
Dividend Paid	(33.73)	(56.33)	0.00	0.00	0.00	0.00
Dividend Tax paid	(5.73)	(9.57)	0.00	0.00	0.00	0.00
Net Cash Receipt/ Used in Financing activities	1004.39	1047.16	(1445.31)	1211.13	3140.79	1231.98
Net Increase/ Decrease in Cash & Cash Equivalents (A + B + C)	(71.79)	89.91	(24.74)	(405.24)	427.46	4.44
Cash & Cash Equivalents As on beginning of year	94.91	5.00	29.74	434.98	7.52	3.08
Cash & Cash Equivalents as on end of year	23.12**	94.91	5.00	29.74	434.98	7.52

* The Cash Flow Statement in audited accounts is not in strict compliance with Accounting Standard-3 but the same has now been rectified and accordingly disclosed in the Restated Financials.

** Closing Cash & Cash Equivalents As on 31.10.2010.

Annexure - IV

Notes to accounts for Restated Financials

- 1) Advance tax, prepaid expenses, TDS receivable, interest receivable & Advance to Chhattisgarh Ispat Bhumi have been reclassified into other current assets from loans & advances to bring uniformity.
- 2) In the year 2007, Share application money was included under the head reserves & surplus in the audited financials but in restated financials it has been segregated from the head reserves & surplus and shown separately.
- 3) Personnel cost was wrongly included under the head administrative expenses in the audited financials for the year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 but now the same has been rectified in restated financials & shown separately.
- 4) Selling & distribution expense was wrongly included under the head administrative expenses in the audited financials for the 7 months period ended October 31, 2010 and for the year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006, but now the same has been rectified in restated financials & shown separately.
- 5) CST, Sales tax paid and Provident fund paid has been regrouped from financial charges to administrative expenses in the restated financials for the period ended 31/03/2009.
- 6) For the year ended March 31, 2006 in the audited financials raw material consumed has been included under the head manufacturing expenses but thereafter the same has been segregated and shown separately in the audited profit & loss account.
- 7) In the year 2010, mat credit entitlement was wrongly included under the head other current assets in audited financials but the same has now been rectified in the restated financials and shown under the head loans & advances to bring in uniformity with the previous years.

- 8) In the year 2009, repair & maintenance (others) were included under the head manufacturing expense in audited financials but the same has now been reclassified and included under the head administrative expenses in the restated financials.
- 9) For 7 months period ended October 31, 2010 and for the year 2010, 2009 and 2008 the audited accounts were not disclosing the excise duty on sales on the face of profit & loss account but the same has been identified and now disclosed on the face of profit & loss account in the restated financials.
- 10) For the year 2008 & 2009 CSEB, Raipur has been reclassified in the restated financial statement under the head of sundry debtors which were earlier shown in the audited accounts under the head advance for expense & services (sponge division).

Notes to Accounts

- 11) The balance of Sundry Creditors, Sundry Debtors and Loans & Advances are subject to confirmation & reconciliation if any.
- 12) In the opinion of the Management, Current Assets, Loans & Advances have the value at which they are stated in the balance sheet if realized in the ordinary course of the business except the balance of "Suvikash Alloys and Steel Private Ltd" & "CCIL" amounting Rs. 24, 81,119 & Rs. 67, 29,825 respectively from whom recovery of amount is doubtful and provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
- 13) The figures of the previous year have been regrouped wherever considered necessary to confirm with current year's presentation. The figures have been rounded off to the nearest rupee.

14) Remuneration to Statutory auditor:

(Rs in Lacs)

Sr. No.	Particulars	Period ended Oct' 2010	For the year ended March 31				
			March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
1	Audit Fees	2.50	0.30	0.20	0.20	0.15	0.15
2	Tax Audit Fees	0.00	0.12	0.07	0.07	0.05	0.05
3	Company Law Matters/ certification fees	0.00	0.08	0.02	0.02	0.00	0.00
4	Service tax Amount	0.00	0.05	0.00	0.00	0.00	0.00
	TOTAL	2.50	0.0555	0.30	0.30	0.20	0.20

- 15) During the period the company has not produced M.S Ingots.

16)

- a) Company has purchased raw material and other consumables from different firms and company, which are outstanding at the end of year. The company has communicated to the firms & companies to identify their status whether the same are SSI or not with the condition that if no reply comes regarding the status within 30 days we will presume that the firm/company are not SSI units. Till date no communication has been received.
- b) Based on the information available with the company in respect of MSME (As defined in the Micro Small & Medium Enterprise Development Act, 2006) there are no delays in payment of dues to such enterprise during the year. The information regarding MSME has been determined to the extent such parties have been identified. And on the basis of information available with the company there are no such parties in respect of MSME. This has been relied upon by the auditors.

- 17) Details of Employee benefits as required by the Accounting Standard 15 "Employee Benefits" are given below:

(a) Defined Contribution Plan:

During the year the company has recognized the following amount in the profit & loss Accounts (included in Contribution to provident & other funds):

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31				
		March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Contribution to Provident Fund	2.09	3.96	3.98	1.48	1.90	1.48
Contribution to Employees' State Insurances	3.65	3.22	1.40	1.06	0.95	0.73

(b) Defined Benefit Plan:

Rs. 3.27 Lacs has been provided for Gratuity as on March 31, 2010 on the basis of the formula given in point no.16 of (A) of notes to accounts, only for those employees who have completed continuous five year service in the enterprises.

No provision of gratuity has been made as no employee has become eligible for the same as per the provision of the gratuity act as on March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006.

- 18) Computation of basic and diluted earnings per share: (Refer Annexure-XVI).

- 19) Related Party Disclosures: (Refer Annexure-VI).

20) Deferred Tax:

In accordance with the Accounting Standard- 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has accounted for deferred tax during the year. Consequently, the cumulative net deferred tax liabilities of Rs. 7,40,95,892.00 as on March 31, 2010 on net timing difference of Rs. 21,79,93,209.06 has been recognized.

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31				
		2010	2009	2008	2007	2006
Deferred Tax Liabilities:						
Difference in WDV as per companies act & WDV as per income tax act	2342.72	1767.89	1245.93	958.27	424.31	261.54
Deferred Tax Assets:						
Unabsorbed Depreciation and disallowance expenses provided but allowed in IT on payment basis	(162.79)	(10.70)	0.00	224.60	220.82	186.02
Expenses disallowed last year allowed in the current year on payment basis (Reversal of DTA)	0.00	49.55	0.00	0.00	0.00	0.00
Net Timing Difference	2179.93	1806.74	1245.93	733.67	203.49	75.52
Total Deferred Tax Liabilities to be recognized	740.96	614.11	423.49	249.37	68.50	25.42
Deferred Tax Liability previously recognized	614.11	423.49	249.37	68.49	25.42	0.00
Net Deferred Tax liability created during the year	126.85	190.62	174.12	180.88	43.08	25.42

- 21) Valuation & Consumption of inventories has been taken as valued and certified by the Management
- 22) There were no employee at any time during the year drawing Rs.2, 00,000/- or more per month.
- 23) Segment Reporting (#) as required by Accounting Standard (AS-17) issued by the Institute of Chartered Accountants of India:

A) Business Segment:

(Rs in Lacs)

Sr. No.	Particulars	Period ended Oct' 2010	For the year ended March 31,		
			March 31, 2010	March 31, 2009	March 31, 2008
1	Segment Revenue				
	Iron & Steel	5392.99	6866.66	11770.13	6713.79
	Power	1550.02	2364.30	1679.89	643.55
	Others	-	-	-	-
	Sub-Total	6943.01	9230.96	13450.02	7357.34
	Less: Inter-segment Revenue	(123.51)	(264.25)	(1248.54)	(508.79)
	Net Segment Revenue	6819.50	8966.71	12201.48	6848.55
2	Segment Result (Profit/Loss before Tax & Interest from each segment)				
	Iron & Steel	152.58	520.88	673.40	814.21
	Power	578.42	593.79	523.15	111.02
	Others	-	-	-	-
	Sub-Total	731.00	1114.66	1196.55	925.23
	Unallocated Expenditure	(2.21)	-	-	-
	Less: Interest & Financial Expenses	(324.69)	(512.05)	(567.13)	(397.44)
	Profit before Tax	404.10	602.61	629.42	527.79
	Provision for Tax	-	-	-	-
	Income Tax (Net)	7.87	43.80	46.36	6.35
	Deferred Tax	126.85	190.662	174.12	180.88
	Profit after Tax	269.38	368.19	408.94	340.57
3	Other Information				
I	Segment Assets				
	Iron & Steel	7205.68	6627.49	5393.59	6280.29
	Power	4603.10	4404.20	3190.86	3085.38
	Others				
	Un-allocated assets	1325.74	273.59	256.03	185.15
	Total Assets	13134.52	11305.28	8840.48	9550.82
II	Segment Liabilities				
	Iron & Steel	1088.33	1219.34	1109.72	2257.99
	Power	2155.76	2598.79	2946.71	3447.91
	Others				
	Unallocated Liabilities	4996.58	2965.13	1711.82	1257.45
	Total Liabilities	8240.67	6783.26	5768.25	6963.34
III	Capital Expenditure (Including WIP)				
	Iron & Steel	0.00	1142.69	166.20	602.64
	Power	0.00	1506.75	151.92	1290.79
	Others	10.75	9.37	72.22	9.47
	Total	10.75	9.37	390.34	1902.90
IV	Depreciation				
	Iron & Steel	132.22	166.14	156.41	134.35
	Power	126.38	172.00	169.82	99.49
	Others	2.21	-	-	-
	Total	260.81	338.14	326.23	233.84
V	Non Cash Expenditure other than Depreciation				
	Iron & Steel	-	17.33	3.22	0.99

	Power	-	-	-	-
	Others	-	-	-	-
	Total	-	17.33	3.22	0.99

For March 31, 2006, March 31, 2007, March 31, 2008 & March 31, 2009 the company was considering its manufacturing of sponge iron, M.S. Billets, mould boxes as the only reportable segment in the audited accounts but later on it was identified that power was also its identifiable reportable segment for the period March 31, 2008 & March 31, 2009. Thereby the reportable segments as per Accounting Standard-17 have now been identified and accordingly disclosed for the purpose of restated financials.

B) Geographical Segment:

The Company sells its products within India. The condition prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

24) Contingent liabilities: (Refer Annexure-VIII)

25) Company has generated 39480678 units in its Power division during the period April 01, 2010 to October 31, 2010, out of which 3856830 units has been captively consumed in its Sponge & Furnace Division & self consumed 5126710 units. The transfer pricing of power units has been taken on Fair Market value Basis. However the transfer pricing policy does not affect the profit of the company as whole.

26) Since the company is engaged in the generation of power from A.Y 2008-09, So the company is entitled to claim the deduction under section -80IA of Income tax act & the quantum of deduction is 100% of profit & gains derived from such business for 10 consecutive assessment years out of 15 years beginning with the year in which enterprises begins to generate Power. Hence the company is decided to claim the deduction from fifth year starting from A.Y 2008-09.

27)

(Rs. In Lacs)

Particulars	Amount
C.I.F value of Import	NIL
Expenditure in Foreign exchange	NIL
Earning in Foreign exchange	NIL
Remittance in Foreign currency for dividend	NIL

28) Installed, Licensed & production capacity detail

Particulars	Period ended Oct' 2010	March 31, 2010	March 31, 2009	March 31, 2008
Installed capacity				
Sponge Iron	90000 MT	90000 MT	60000 MT	60000 MT
Induction Furnace	36000MT	36000MT	36000MT	36000MT
Power	11.5 MW	7.5 MW	7.5 MW	7.5 MW
Production				
Sponge Iron	30742.73	47378.03	37809.57	42442.21
End Cutting (In Mt)	29.415	108.200	1564.820	236.865
MS Billet (In Mt)	865.585	4243.320	36637.415	9325.265
MS Ingot (In MT)	Nil	Nil	Nil	4693.810
Power	11.5 MW	7.5 MW	7.5 MW	7.5 MW

Annexure - V

A. Significant Accounting Policies:

1. Basis of Accounting

(a) The financial statement has been prepared under the historical cost convention and generally accepted accounting principles

(b) Accrual method of accounting is followed with regard to income & expenses

2. Use of Estimates

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

Fixed assets are stated at cost of acquisition (inclusive of freight) or construction net of Cenvat /Tax credit, less accumulated depreciation. All costs, including financial costs till commencement of commercial production and adjustment arising from exchange rate variations attributable to the fixed assets are capitalized.

4. Capital Work- in- progress

Project under commissioning and other capital work-in- progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest

5. Depreciation

- a) Depreciation on fixed assets has been provided on Straight Line Method at the rates and in the manners prescribed in Schedule XIV of the Companies Act, 1956.
- b) Depreciation on addition to / deduction from fixed assets is being provided on pro-rata basis from/ to the date of acquisition/ disposal

6. Inventories

Inventories i.e. stores consumables are valued at cost (exclusive of excise). By Products are valued at estimated realizable value. Raw Materials are valued at cost plus freight using Weighted Average Cost (WAC) method. Finished Goods are valued at cost or net realizable value (NRV) whichever is lower. Finished goods include cost of conversion and other cost for bringing it in the present location and condition including depreciation.

7. Revenue Recognition

Mercantile method of accounting is employed unless otherwise specifically stated elsewhere in this schedule. However, where the amount is immaterial / negligible and/or establishment of accruals / determination of amount is not possible no entries are made for the accrual. Net Sales are exclusive of excise duty, sales tax & sales returns.

8. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is normally charged to Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

9. Investment

Long term investments are carried out at cost less any permanent diminution in value, determined on the specific identification basis. Current investments are carried at the lower of cost and fair value. Profit & Loss on sale of investment is determined on specific identification basis.

10. Other income

Interest income is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.

11. Borrowing Cost

The Borrowing costs that are attributable to the acquisition or construction or production of the qualifying assets are capitalized as per the cost of such assets up to the date when such assets are ready for its intended use. All other borrowing costs are charged to the Profit & Loss A/c.

12. Accounting for Taxes on Income

- (a) Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.
- (b) Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences that result between taxable profit and the profit as per the financial statement. Deferred tax assets & liabilities are measured using the tax rates and the tax laws enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty for its realization.
- (c) The taxable income of the company being lower than the book profits under the provision of the income tax act 1961. The company is liable to pay Minimum Alternate tax (MAT) on its income.
- (d) Considering the future profitability & taxable position in the subsequent years, the company has recognized MAT Credit as an assets by crediting the provision for income tax & including the same under Loans & advances in accordance with the Guidance note on “**Accounting for Credit available in respect of MAT under Income Tax Act 1961**” issued by the Institute of Chartered Accountant of India.

13. Cash Flow Statement

The cash flow statement is prepared as per the Indirect method prescribed under “Accounting Standard - 3” Cash Flow Statement issued by the Institute of Chartered Accounts of India.

14. Foreign Currency Transaction

Transactions in foreign currency are recorded in Rupees by applying the exchange rate prevailing on the date of transaction. Transactions remaining unsettled are restated at the rate of exchange prevailing at the end of the year. Exchange gain or loss arising on settlement/restatement is recognized in the Profit & Loss A/c.

15. Provision and Contingencies

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statement .

16. Employee Benefits

- a) Provident Fund is a defined contribution scheme and the contribution is charged to the Profit & Loss A/c of the year when the contributions to the Government Funds is due.
- b) Gratuity Liability is defined benefit obligations and is provided for on the basis of following formula:

$$= \text{Last drawn Salary} \times 15/26 \times \text{No. of Completed year of Services}$$

The above calculation is done only for those employees who have completed continuous five year of services. However, the above calculation of Gratuity is as per I. T. Act '1961 and no certificate of actuary is obtained for valuation of gratuity liability.

- c) Short Term Compensated absences are provided for based on estimates. Long Term compensated absences are provided for based on actuarial valuation.
- d) Actuarial gains / losses are immediate taken to the profit & loss account and are not deferred.

17. Segment Reporting

- a) **Business Segment:** The accounting policies adopted for segment reporting are in the line with the accounting policies of the company. Segment Revenue, Segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, Expenses, Assets, Liabilities which relates to the company as whole and not allocable to segment on reasonable basis have been included under "Unallocated revenue/ expenses/ assets/ liabilities".
- b) **Geographical Segment:** The Company sell its products within India. The condition prevailing in India being uniform. So no separate geographical segment disclosure is considered necessary.

18. Research & Development Expenditure

Revenue expenditure is charged to the Profit and Loss A/c and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred and depreciation thereon is provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

19. Intangible Assets

Cost incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets and amortised on equated basis over the estimated useful life of such assets.

Annexure - VI

Related Party Disclosures

Enterprises in which Management or Directors have Significant Influence

- (a) Cosmos Castings (I) Ltd
- (b) Kwaliti Foundry Industries
- (c) Vaswani Ispat Ltd
- (d) Cosmos Sponge & Power Ltd
- (e) Meghna Trexim Pvt Ltd
- (f) C G Ispat Private Limited
- (g) Vaswani Cement Limited
- (h) Vaswani energy Limited

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Sales	1345.39	1543.42	3518.06	1633.68	500.53	280.93
Purchases	98.26	172.72	316.37	229.42	90.87	3.47
Salary Paid	0.00	0.00	0.00	0.00	0.00	0.00
Interest Paid	0.00	21.24	10.70	0.00	0.00	0.00
Interest Received	1.27	0.00	0.00	0.00	0.00	0.00
Share App Recd	0.00	0.00	0.00	0.00	0.00	0.00
Loan Taken	0.00	1005.12	478.27	287	292.28	0.00
Loan Repaid	0.00	47.78	470.00	287	247	0.00
Loan Given	201.59	0.00	0.00	0.00	0.00	0.00

Loan Refund	100.00	0.00	0.00	0.00	0.00	0.00
Investments	621.11	-	-	-	-	-
Outstanding Pay						
- Purchases	2.78	4.84	0.37	6.44	0.00	2.50
- Loans	0.00	0.69	8.27	0.00	0.00	2.50
Outstanding Received						
- Sales	67.29	(47.12)	0.70	0.00	0.00	0.74
- Loans	103.59	0.00	0.00	0.00	0.00	0.00

Key Management Personnel

- Mr. Pawan Kumar Jha (Manager accounts)
- Mr. Ashwani Kumar Sahu (DGM-Power Plant)
- Mr. K. Venkateshwaran (Process Manager-Full Plant)
- Mr. Saurav Kumar Pal (Manager Administration)
- Mr. Lomesh Kumar Dewangan (Senior Chemist –Sponge Division)
- Ms. Rachana Hingar (Company Secretary cum Compliance Officer)
- Mr. H. K. Suryawanshi (Senior manager – O&M)
- Mr. Makineni Ramarao (GM – Sponge Iron Division)
- Mr. Sheesh Mohammed Ismail Khan (Manager – Process)

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Salary Paid	16.72	12.98	8.88	4.90	2.57	1.54

Directors

- Mr. Ravi Gyanchandji Vaswani , Managing Director
- Mr. Pramod Gyanchandji Vaswani , Whole time Director
- Mr. Yashwant Ravi Vaswani , Whole time Director

Relatives

- Smt. Sudha Vaswani , w/o Mr. Ravi Vaswani
- Smt. Manisha Vaswani , w/o Late Mr. Sanjay Vaswani
- Smt. Juhi Vaswani ,w/o Mr. Pramod Vaswani
- Mr. Satish Vaswani , Uncle of Mr. Ravi & Pramod Vaswani
- Smt. Maya Vaswani , w/o Mr. Satish Vaswani
- Smt. Kirti Vaswani , Daughter in Law of Mr. Satish Vaswani
- Smt. Kavita Vaswani , Daughter in Law of Mr. Satish Vaswani
- Mr. Ravi Vaswani HUF

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Salary Paid	10.85	5.51	0.60	0.60	0.60	0.60
Interest Paid	12.06	44.86	0.00	2.13	8.42	0.00
Loan Taken	358.90	968.56	1057.17	111.92	10.42	474.40
Loan Repaid	564.54	1536.91	175.90	132.37	114.20	55.98

Notes:

Related Party relationship in terms of Accounting Standard 18 as given above is pointed out by the management and relied upon by the Auditors.

Annexure - VII

Reserves & Surplus

(Rs in Lacs)

Particulars	Period ended Oct' 2010	Mar 31, 2010	Mar 31, 2009	Mar 31, 2008	Mar 31, 2007	Mar 31, 2006
Accumulates Profits	1273.07	1003.69	711.78	393.02	86.51	45.70
General Reserve	121.38	121.38	84.56	43.67	9.61	5.08

MAT Tax Adjustment	0.00	0.00	0.00	16.62	0.00	0.00
Security Premium	1562.50	1562.5	783.92	778.92	600.92	257.92
Total	2956.95	2687.57	1580.26	1232.23	697.04	308.70

Annexure - VIII

Contingent Liabilities

(Rs. In Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Sales Tax (pending with ACIT appeals Sales Tax Raipur)	3.59	3.59	3.59	0.00	0.00	0.00
Excise Duty (Appeals pending with Excise Tax Authority)	404.99	192.53	139.64	0.00	0.00	0.00
Income Tax (Commissioner Appeals)	1.01	0.00	0.00	0.00	0.00	0.00

Annexure - IX

Schedule of Secured Loans

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Cash Credit						
Union Bank of India (SSI Branch Raipur)	1920.38	852.64	525.95	1037.34	407.96	373.77
IDBI A/C NO. 73	273.48					
SBI A/C NO. 5840	281.66					
Total (A)	2475.52	852.64	525.95	1037.34	407.96	373.77
Term Loan						
Union Bank of India T.L.-1 (SSI Branch Raipur)	252.85	403.73	605.92	815.01	1010.46	1200.00
Union Bank of India T.L.-2 (SSI Branch Raipur)	2044.56	2382.11	2837.66	3214.62	2697.89	0.00
Union Bank of India T.L.-3 (SSI Branch Raipur)	0.00	0.00	2.58	556.02	0.00	0.00
State Bank of India T.L (INR)	1048.57	1565.41	0.00	0.00	0.00	0.00
State Bank of India T.L (USD)	944.23					
Other Loan						
HDFC Bank (Car loan)	0.00	0.00	0.00	0.00	0.00	0.89
ICICI Bank (JCB loan)	0.00	0.00	0.00	0.00	0.00	2.79
ICICI Bank (Tata 207 loan)	0.00	0.00	0.00	0.00	0.13	1.67
ICICI Loan a/c (Bus)	0.00	0.00	0.00	3.14	0.00	0.00
ICICI Loan a/c (Crane)	0.00	0.00	0.80	3.85	0.00	0.00
LC For Jaiswal Neco Ltd.	0.00	0.00	0.00	122.66	0.00	0.00
ICICI Bank (Hydraulic Mobile Crane)	0.00	0.00	3.26	0.00	0.00	0.00
ICICI Loan a/c Tipper	0.00	0.00	8.19	0.00	0.00	0.00
IndusInd Bank Ltd.(Loader LI 70)	0.00	0.00	10.46	0.00	0.00	0.00
Total (B)	4290.21	4351.27	3468.87	4715.31	3708.48	1205.35
TOTAL (A+B)	6765.73	5203.91	3994.82	5752.65	4116.44	1579.12

Annexure - X

Schedule of Unsecured Loan

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
From Directors, Share holders &	279.72	473.00	998.70	137.46	168.21	390.95

Relatives						
From Body Corporate	0.00	0.00	56.05	47.78	47.78	42.72
From Others	0.00	0.00	3.24	3.11	0.00	40.53
Total	279.72	473.00	1057.99	188.35	215.99	474.20

Particulars	Terms and Conditions
Rate of Interest	4%
Security	Unsecured
Tenure	Repayable on Demand

Annexure - XI

Schedule of Investments

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Long term Investments (at cost/ Book Value)						
Quoted	0.07	0.07	0.07	0.07	4.99	4.99
Unquoted	629.42	8.31	1.01	0.00	0.00	0.00
Total	629.49	8.38	1.08	0.07	4.99	4.99
Of which Companies under the same Management						
Quoted:						
Unquoted:						
Vaswani Ispat Ltd.	0.50	0.50	0.50	0.00	0.00	0.00
Vimla Infrastructure (I) Pvt Ltd	0.51	0.51	0.51	0.00	0.00	0.00
CG Sponge MFG Consortium coal fields Pvt Ltd	7.30	7.30	0.00	0.00	0.00	0.00
CG Ispat Private Limited	621.11	-	-	-	-	-
Total	629.42	8.31	1.01	0.00	0.00	0.00
Book Value						
Aggregate of Quoted Investment	0.07	0.07	0.07	0.07	4.99	4.99
Aggregate of Unquoted Investment	629.42	8.31	1.01	0.00	0.00	0.00
Total	629.49	8.38	1.08	0.07	4.99	4.99
Market Value						
Aggregate of Quoted Investment	0.04	0.02	0.01	0.05	5.35	5.53
Aggregate of Unquoted Investment	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.04	0.02	0.00	0.05	5.35	0.00

Note: During the year 2008-2009, the Issuer Company had made Unquoted Investments of Rs. 0.50 Lacs in Vaswani Ispat Limited and Rs. 0.51 Lacs in Vimla Infrastructure (I) Private Limited. Also, in the same year, the Issuer Company had given a Security Deposit of Rs 4.70 Lacs to M/s C G Sponge Manufacturing Consortium Coalfields Pvt Ltd, which was shown under Loans & Advances. However, in the year 2009-2010, the said security deposit was converted into Equity and was shown under Unquoted Long Term Investments. Further, a fresh investment was made to the tune of Rs 2.60 Lacs in the same company in the year 2009-2010. These investments along with opening balance of Rs 1.08 Lacs, (which comprises of Unquoted Investments of Rs 1.01 Lacs & Quoted Investment of Rs 0.07 Lacs) for the year 2009-2010 would make the closing balance as on March 31, 2010 of Rs. 8.38 Lacs. Further, a fresh investment was made to the tune of Rs 621.11 Lacs in C.G. Ispat Pvt. Ltd. During the period April 2010 to October 2010, these investments along with opening balance of Rs 8.38 Lacs make the closing balance as on Oct'2010 of Rs. 629.49 Lacs.

Annexure - XII

Schedule of Current Assets

(Rs in Lacs)

Particulars	Period ended Oct' 2010	Mar 31, 2010	Mar 31, 2009	Mar 31, 2008	Mar 31, 2007	Mar 31, 2006
Inventories	1063.82	643.76	1826.81	1009.55	341.18	544.61
Sundry Debtors	1159.07	595.18	408.93	356.78	528.50	181.18
Cash & Bank Balances	23.12	94.91	5.00	29.74	434.98	7.52
Loans & Advances	1940.86	2157.84	947.22	2384.89	1670.16	331.71
Other Assets	287.29	174.44	202.09	154.33	26.71	36.95
Advance Income Tax	0.00	75.00	30.00	0.00	4.00	1.00
Other Tax Receivables	46.71	58.00	8.52	0.37	0.39	12.02
Interest Accrued but not due	0.47	14.35	3.26	0.00	0.50	0.00
Prepaid Expenses	5.41	1.18	3.03	1.36	0.81	1.00
Deposit with Chhattisgarh Ispat Bhoomi Ltd	10.00	10.00	10.00	10.00	18.00	18.00
Other Assets	224.70	15.91	147.28	142.60	3.01	4.93
Total	4474.15	3666.13	3390.05	3935.29	3001.53	1101.97

Annexure - XIII

Schedule of Sundry Debtors

(Rs in Lacs)

Particulars		Period ended Oct' 2010	For the year ended March 31,				
			2010	2009	2008	2007	2006
More than six months	Considered good						
	Receivable from Promoter/ Promoter Group Co	0.00	0.00	0.00	0.00	0.00	0.74
	Receivable from Others	128.55	46.74	46.18	49.80	10.85	180.44
	Less: Provision		0.00	0.00	0.00	0.00	0.00
	TOTAL (A)	128.55	46.74	46.18	49.80	10.85	181.18
Less than six months	Considered good						
	Receivable from Promoter/ Promoter Group Co*	67.30	8.64	0.69	0.00	0.00	0.00
	Receivable from Others	962.92	539.80	362.06	306.98	517.65	0.00
	Less: Provision						
	TOTAL (B)	1030.22	548.44	362.75	306.98	517.65	181.18
	TOTAL (A+B)	1159.07	595.18	408.93	356.78	528.50	181.18
	*Promoter/ Promoter Group Company consists of						
	Cosmos Castings (I) Ltd.	67.30	0.00	0.69	0.00	0.00	0.74
	Kwality Foundry Industries	0.00	8.64	0.00	0.00	0.00	0.00
	Total	67.30	8.64	0.69	0.00	0.00	0.74

Note: *Promoter/ Promoter Group Parties as identified by the Management & relied upon by the Auditors

Annexure - XIV

Schedule of Loans & Advances

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Advance recoverable in cash or in kind for value to be received						
Advances to suppliers	618.65	951.57	222.11	123.39	610.00	246.70
Advances for expenses	93.75	425.56	161.33	167.02	35.47	19.43
Staff Advances	19.95	12.45	8.11	9.05	8.99	4.22
Security Deposit	777.66	422.52	321.43	213.79	81.44	21.84
Balance with Excise Authorities	79.44	122.94	108.00	193.05	107.25	35.47
Mat Credit Entitlement a/c.	239.74	166.31	107.92	78.46	0.00	0.00
Other Advances	10.39	56.48	18.32	553.83	826.99	4.05
Cosmos Casting (I) loan a/c	101.26	0.00	0.00	0.00	0.00	0.00

Note:

- None of the promoters or directors or the issuer is related with any parties to whom loans & advances are given in any manner except loan given to Cosmos Castings (India) Limited.
- Parties as identified by the management & relied upon by the Auditors

Annexure - XV

Current Liabilities & Provisions

(Rs in Lacs)

Particulars	Period ended Oct' 2010	Mar 31, 2010	Mar 31, 2009	Mar 31, 2008	Mar 31, 2007	Mar 31, 2006
Deposit from Customers	27.18	27.18	27.18	27.18	67.18	47.00
Advance from Customers	5.51	80.79	19.71	188.56	161.54	38.94
Sundry Creditors	904.60	858.89	537.27	774.84	381.62	106.31
Provision for Taxation	81.30	103.58	74.23	61.85	10.38	6.17
Provision for Expenses	254.16	110.64	73.52	33.60	18.34	15.55
Proposed Dividend	0.00	39.46	65.90	0.00	0.00	0.00
Total	1282.65	1220.54	797.81	1086.03	639.06	213.97

Annexure - XVI

Other Income

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,					Related/ Not Related to business activity
		2010	2009	2008	2007	2006	
RECURRING							
Job Hire Charges	0.00	0.00	0.00	4.55	10.69	0.84	No
Commission Received	0.00	0.00	0.00	0.00	0.00	46.63	No
Discount Received	0.00	0.00	1.26	0.00	0.00	0.00	No
Lease Rent	1.50	1.80	0.00	0.00	0.00	0.00	Yes
Rent	0.00	0.00	0.00	0.00	73.62	39.00	No
Dividend	0.00	0.00	0.00	0.09	0.22	0.00	No
Interest Income	11.16	17.90	2.49	5.87	1.81	0.00	Yes
Interest Received (Power)	1.67	8.86	5.93	0.78	0.00	0.00	Yes
Late delivery Settlement (Power)	0.00	0.54	52.13	1.82	0.00	0.00	No
NON RECURRING							
Agricultural Income	0.00	0.00	0.00	0.00	7.00	8.50	No
Income Tax Refund	0.00	0.05	0.00	0.00	0.00	0.00	No
Miscellaneous Income	2.44	0.16	1.00	0.00	0.00	0.00	No
Miscellaneous Income on Lease Tax	0.00	0.00	0.00	0.00	3.05	1.47	No
Insurance Claim	8.96	0.00	0.00	1.54	0.00	0.00	No

Profit on Sale of Fixed Assets	0.00	4.54	0.00	2.18	0.00	0.00	Yes
Profit on Sale of Shares	0.00	0.00	0.00	3.90	0.00	0.00	No
Interest Received on Bill Purchase	0.00	0.00	2.15	0.39	0.00	0.00	No
Sundry Written Off (Power)	1.81	0.65	4.22	0.00	0.00	0.00	No
Sundry Written Off (sponge)	1.00	-	-	-	-	-	-
Non Delivery Settlement	3.00	-	-	-	-	-	-
TOTAL	31.54	34.52	69.18	21.13	96.39	96.44	

Note:

- Details of other income are as per the summary statement of profit and loss, as restated.
- The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the company.

Annexure - XVII

Statement of Dividend

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Equity shares						
Number of shares	13490700	13490700	11266200	11216200	9436200	6006200
Face value (Rs)	10/-	10/-	10/-	10/-	10/-	10/-
Paid-up value (Rs)	10/-	10/-	10/-	10/-	10/-	10/-
Rate of dividend	0.00%	2.5%	5%	0.00%	0.00%	0.00%
Total dividend (Rs)	0.00	33.73	0.00	56.33	0.00	0.00
Corporate dividend tax on above (Rs)	0.00	5.73	0.00	9.57	0.00	0.00

Annexure - XVIII

Statement of Capitalization

(Rs in Lacs)

Particulars	Pre issue as on October 31, 2010	Post Issue*
Borrowings:		
Short term Debts	2755.24	0.00
Long term Debts	4290.21	0.00
Total Debts	7045.45	0.00
Shareholders' Funds:		
Share Capital	1349.07	[.]
Reserves & Surplus	2956.95	[.]
Less: Misc. Expenses not written off	(77.27)	
Total Shareholders' Funds	4228.75	[.]
Long term Debt/ Equity ratio	1.01	[.]

* Post Issue Shareholders' Funds can be calculated only on the conclusion of book building process.

Annexure - XIX

Significant Accounting Ratios

(Rs in Lacs)

Particulars	Period ended Oct' 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Earnings Per Share (EPS)						
Net Profit After Tax	269.38	368.20	408.94	340.57	45.34	50.78
No. of Equity Shares (Weighted)	13490700	11669890	11253871	10679762	6015597	5067080
Basic Earnings Per Share (EPS) (Rs.)	2.00	3.15	3.63	3.19	0.75	1.00

Diluted Earnings per share (EPS) (Rs.)	2.00	3.15	3.63	3.19	0.75	1.00
Net Assets Value (NAV)						
Net Assets	4228.75	3964.16	2626.43	2351.87	1993.70	919.37
No. of Equity Share Outstanding	13490700	13490700	11266200	11216200	9436200	6006200
NAV per Share (Rs)	31.35	29.38	23.31	20.97	21.13	15.31
Return on Net Worth						
PAT	269.38	368.19	408.94	340.57	45.34	50.78
Net Worth	4228.75	3964.16	2626.43	2351.87	1993.70	919.37
Return On Net Worth (%)	6.37%	9.29%	15.57%	14.48%	2.27%	5.52%

In the below mentioned table the E.P.S. calculation is not in conformity with audited financial of respective financial year due to change in calculation of weighted average number of shares:

PARTICULARS	Period ended Oct' 2010	For the year ended March 31				
		2010	2009	2008	2007	2006
Earnings Per Share & Diluted Earnings Per Share (EPS) as per audited accounts (in Rs.)	3.41	3.18	3.65	3.61	0.75	0.84
Earnings Per Share & Diluted Earnings Per Share (EPS) as per restated financials (in Rs.)	2.00	3.15	3.63	3.19	0.75	1.00

The Ratios have been computed as per the following formula:

- Earning per Equity Share: (Adjusted Net Profit after Tax)/ (Weighted Average number of Equity Shares).
- Net Asset Value: (Adjusted Net assets after reduction of Miscellaneous Expenditure not written off)/ (Equity Shares outstanding at the end of year).
- Return on Net Worth: (Adjusted Net Profit after Tax/Adjusted Equity Share holders Fund after reduction of Miscellaneous Expenditure not written off at the end of the year)

Net Profit, as restated and appearing in the statement of profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company

Earnings per share calculations have been done in accordance with Accounting standard- 20 "Earning per share" issued by the Institute of Chartered Accountants of India.

Annexure - XX

Statement of Tax Shelter

(Rs in Lacs)

Particulars		For the year ended March 31,				
		2010	2009	2008	2007	2006
Profit/ Loss Before Tax	A	600.08	624.03	527.80	99.51	81.84
Tax Rate	B	33.99%	33.99%	33.99%	33.66%	33.66%
Tax thereon at above Rates		203.96	212.11	179.40	33.50	27.55
Permanent Difference						
Provision for Gratuity		(3.27)	0.00	0.00	0.00	0.00
Effect of Assessment Order		(6.30)	0.00	0.00	0.00	0.00
Income Exempt from Tax		0.00	0.00	4.00	7.23	8.50
Other Adjustments (LTCG/STCG)		(1.22)	(5.49)	2.19	(6.86)	0
Total Permanent Difference	C	(10.79)	(5.49)	6.19	0.37	8.50
Timing Difference						
Depreciation		471.81	364.41	522.64	109.18	76.42
Preliminary Exp		0.00	0.00	0.00	0.00	0.00
Amount Inadmissible u/s 43B		38.85	(70.15)	(0.27)	(9.46)	(1.97)
Amount Inadmissible u/s 40(a)		(6.24)	(8.75)	(0.76)	(0.58)	(1.11)
Set off of Brought Forward Losses		0.00	230.06	0.00	0.00	0.00

Other Timing Difference		0.00	0.00	0.00	0.00	0.00
Total Timing Difference	D	504.42	515.57	521.61	99.14	73.34
Net Adjustments	E=(C+D)	493.63	510.08	527.80	99.51	81.84
Tax(Saving)/ Burden Thereon		167.78	173.38	179.39	33.82	28.18
Taxable Income	E=A-(C+D)	106.45	113.95	0.00	0.00	0.00
Net tax liability	(E*B)	36.18	38.73	0.00	0.00	0.00
Payment under MAT Including Interest		103.58	75.89	69.88	10.70	6.36

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also read the Section titled 'Risk Factors' beginning on page no 11 of the Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI (ICDR) Regulations, 2009. Our Financial year ends on March 31 of each year.

Business Overview

Our company was incorporated under the Companies Act, 1956 on July 22, 2003 with the Registrar of Companies, Madhya Pradesh and Chhattisgarh and we obtained Certificate of Business Commencement on February 10, 2004. The company was established with the object of manufacturing of Sponge Iron, Steel Billets and captive power generation. We are presently engaged in integrated business of manufacturing Sponge Iron, Steel Billets & Ingots and power generation.

Our company belongs to Vaswani Group of Companies which has interest in Iron & Steel since past two decades. Our Company has manufacturing facilities in an industrial area at Sondra Village, 14 km from Raipur railway station. Our company installed first kiln of 1x100 TPD sponge iron in the year 2004-05 and over the period of time enhanced the total capacity of Sponge Iron to 3 x 100 TPD.

Besides this, we also installed 3 Induction Furnaces in the year 2007-2008 with a capacity of 59400 MT for manufacturing of Steel Billets & Ingots utilising in-house production of Sponge Iron.

Apart from this, we also commenced power generation of 7.5 MW in the year 2007-08 (5 MW from Waste Heat Recovery Boiler (WHRB) and 2.5 MW from Coal) for captive consumption. Our power generation capacity was enhanced to 11.5 MW (9 MW from WHRB and 2.50 MW from Coal) during the year 2010-2011. In the year 2009, our company started selling surplus power generated to private power companies namely Lanco Electric Utility Limited and Others as well as State Electricity Board namely Chhattisgarh State Electricity Board.

Significant developments subsequent to the last financial year

The directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Significant developments subsequent to the last financial year

The directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Factors affecting our Results of Operations and Financial Condition

Except as otherwise stated in this Red Herring Prospectus, the Risk Factors given in this Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

General economic and business conditions

As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled by the growth in industrial activity and robust services sector. The overall economic growth will

therefore impact the results of our operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic growth.

Our ability to successfully implement its strategy and its growth and expansion plans

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact the Company's roll out schedules and cause cost and time over runs.

Factors affecting industrial activity

Any change in the factors such as industrial policies, tariffs, excise duties etc. which may affect the activities of the Apparel/Readymade Garment industry may also affect our results of operation.

Increasing competition in the industry

We face competition from various players, some of which are mentioned below:

1. MSP Steel and Power Limited
2. Godawari Power & Ispat Limited

Changes in fiscal, economic or political conditions in India

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism

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

The performance of the financial markets in India and globally

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on the Company's business, operations, financial condition and profitability.

Any adverse outcome in the legal proceedings in which we are involved

We are not involved in any legal proceedings.

Overview of Our Results of Operation

The following is a summary of our company's results of operations derived from our Company's standalone restated financial statements included in this Red Herring Prospectus under the section titled "Financial Statements"

(Rs in Lacs)

Particulars	October 31, 2010	% of Total Income	March 31, 2010	% of Total Income	March 31, 2009	% of Total Income	March 31, 2008	% of Total Income	March 31, 2007	% of Total Income
Income										
Sales & Operating Incomes										
- Manufactured Goods	6911.47	100.49	9196.44	101.23	13380.83	101.09	7336.20	93.45	3846.26	96.43

Other Income	31.54	0.46	34.51	0.38	69.18	0.52	21.13	0.27	96.39	2.42
Increase/(Decrease) in Inventory	(65.46)	(0.95)	(145.82)	(1.61)	(212.67)	(1.61)	493.22	6.28	46.08	1.15
Total Income	6877.55	100	9085.13	100	13237.34	100.00	7850.55	100.00	3988.73	100.00
Expenditure										
Materials Consumed	5067.07	73.68	6479.08	71.30	9495.24	71.70	5547.22	70.66	3279.46	82.22
Manufacturing expenses	517.78	7.53	741.95	8.16	1889.72	14.27	949.31	12.09	146.93	3.68
Employees Cost	141.72	2.06	185.62	2.04	134.29	1.01	67.04	0.85	31.66	0.79
Administrative Cost	147.98	2.15	203.92	2.24	181.06	1.37	105.33	1.34	134.94	3.38
Selling and distribution Cost	13.40	0.19	24.29	0.27	19.63	0.15	22.58	0.29	18.80	0.47
Depreciation	260.81	3.79	338.14	3.72	326.23	2.46	233.84	2.98	111.13	2.79
Financial Charges	324.69	4.72	512.05	5.63	567.13	4.28	397.44	5.07	166.32	4.17
Total Expenditure	6473.45	94.12	8485.04	93.36	12613.30	95.24	7322.76	93.28	3889.22	97.50
Profit for the Period	404.10	5.88	600.09	6.61	624.04	4.72	527.79	6.72	99.51	2.50
Add / (Less) : Prior Period Items	0.00	0.00	2.52	0.03	5.38	0.04	0.00	0.00	0.00	0.00
Profit Before Tax	404.10	5.88	602.61	6.64	629.42	4.76	527.79	6.72	99.51	2.49
Add /(Less) : Provision for Tax	134.72	1.95	234.41	2.58	220.48	1.66	187.22	2.38	54.17	1.36
Provision For Income Tax	7.87	0.11	45.19	0.50	44.76	0.34	0.00	0.00	10.38	0.26
Fringe Benefit Tax	0.00	0.00	0.00	0.00	1.60	0.01	6.35	0.08	0.71	0.02
Wealth Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Liability	126.85	1.84	190.62	2.10	174.12	1.31	180.87	2.30	43.08	1.08
Add/(Less):Excess Provision of Income Tax in Previous Year	0.00	0.00	1.40	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Profit After Tax	269.38	3.92	368.20	4.06	408.94	3.09	340.57	4.34	45.34	1.14

Discussions on Result of Operations

Seven months period ended October 31, 2010

Total Income

Our Total income for the seven months ended October 31, 2010, was Rs. 6877.55 lacs. Our total income primarily consists of revenue from operating activities i.e. sale of products & other income.

Other Income

Our Other income for the seven months ended October 31, 2010, was Rs. 31.54 Lacs. Our other income primarily consists of key man insurance claim received Rs. 7.10 lacs & Interest on FDR, & Electric Security deposits with CSEB amounting to Rs. 11.16 lacs

Total Expenses

Our Total expense for the seven months ended October 31, 2010 was Rs. 6473.45 Lacs and our total expenses primarily consists of raw materials & manufacturing expenses.

Raw Material Consumed

Our Cost of materials consumed for the seven months ended October 31, 2010 was Rs. 5067.07 Lacs our cost of material consumed primarily consists of coal, iron ore, ms scrap, pig iron, etc.

Manufacturing Expenses

Our Company has incurred manufacturing expenses of Rs. 517.78 Lacs for the seven months ended October 31, 2010

Employee Cost Expenses

Our Company has incurred employee cost of Rs. 141.72 Lacs for the seven months ended October 31, 2010.

Administrative Expenses

Our Company has incurred administrative cost of Rs. 147.98 Lacs for the seven months ended October 31, 2010. Our administrative expenses primarily consist of bank charges & commission Rs. 32.60 Lacs, entry tax Rs. 19.79 Lacs, office expenses Rs. 9.06 lacs, travelling expenses Rs. 17.27 Lacs and repair & maintenances Rs. 15.18 Lacs

Selling & Distribution Expenses

Our Company has incurred selling & distribution cost of Rs. 13.40 Lacs for the seven months ended October 31, 2010.

Interest & Financial Charges

Interest expenses incurred for the seven months ended October 31, 2010 was Rs. 324.69 Lacs constituting approximately 4.72% of total income. Interest expenses incurred is primarily on account of interest on term loans & cash credit facilities.

Depreciation

Depreciation for the seven months ended October 31, 2010 was Rs 260.81 lacs constituting approximately 3.79% of our total income.

Provision for Tax

Our Provision for tax for the seven months ended October 31, 2010 was Rs. 7.87 lacs.

Profit after Tax

For the period of seven months ended October 31, 2010, our net profit after tax as restated was Rs. 269.38 Lacs constituting approximately 3.93% of our total income.

Results for the Financial Year ended March 31, 2010 as compared to the results for the year ended March 31, 2009

Income

Our total income as on 31st March 2010 is Rs 9085.13 Lacs as compared to 13237.35 Lacs in the previous year. The reason of fall in total income being the fact that during the year company has manufactured Billets only for 2 months resulting in lesser closing stock thereby leading to reduction in value of closing stock in comparison to previous year and for rest of the month the company has generated Power. The Sale of the Billet has increased from Rs. 9001.12 Lacs on 31st March 2009 to Rs. 1052.86 Lacs as on 31st March 2010. The total sale of Sponge Iron has increase from Rs. 1854.36 lacs to Rs 5767.89 Lacs on 31st March 2010 thus resulting in an increase of 211.04% .The increase in Power sales is to the tune of 65.07 % i.e. from Rs. 1392.64 Lacs on 31st March 2009 to Rs. 2298.87 lacs on 31st March 2010.

Expenditure

Total expenditure (including finance charges, except depreciation) was at Rs. 8146.90 Lacs as against Rs. 12287.07 Lacs in the previous year i.e. a decrease of 33.70%. The decrease in Total expenditure was on account of the decrease in production charges & material shifting charges in steel division and also due to fall in cost incurred for raw material consumption.

Raw Material Consumed & Direct Expenses

The Raw material consumed and direct expenses have decreased to Rs.7221.03 Lacs in FY 2009-10 from Rs.11384.96 Lacs in FY 2008-09 to the tune of 36.57% on account of decrease in production cost & other direct charges that led to decrease in cost incurred for Raw Material Consumed & Direct Expenses.

Personnel Expenses

The Personnel Expenses for the Year 2009-10 as compared to FY 2008-09 is higher by 38.22 % to Rs.185.62 lacs from Rs. 134.29 lacs due to increase in salary paid to directors and due to increase in number of employees in power division & also in office thereby resulting in an increase in salary cost.

Administration Expenses

Administrative Expenditure under this head had shown increase of 12.63% over the previous year. In absolute terms the Administrative Expenses is Rs. 203.92 lacs for the Year 2009-10 and for FY 2008-09, the same is Rs. 181.06 lacs.

Finance Expenses:

Finance expenses had decreased from 567.13 Lacs in 2008-09 to Rs.512.05 Lacs in 2009-10. This is due to fact that the company has repaid certain machinery loans taken in previous Years.

Profit/ (loss) before Depreciation, extraordinary items, Prior period items & taxes

Profit before depreciation, extraordinary items, prior period items & taxes, in absolute terms for the year 09-10 had shown marginal decrease 1.27% over the previous year.

Depreciation

Depreciation for the year was at Rs.338.14 Lacs as against Rs.326.23 Lacs for the year ended 31st March 2009. This was mainly due to additions made during the year.

PAT

PAT decreased from Rs.408.94 Lacs to Rs.368.20 Lacs in the year ended 31st March 2010 registering a decrease of 9.96 %.This is mainly due to the decrease in Turnover and other income in FY 09-10 over FY 08-09.

Fixed Assets

The Net Fixed Assets (including Capital work in progress) had goes up from Rs. 5509.41 Lacs to Rs. 7801.21 Lacs in the Year 2009-10. This is due to increase made in the assets of Kiln-3 which was capitalized during the Year 2009-10 and also due to the expenditure incurred on 4MW power plant

Secured/ Unsecured Loans

The Secured loan was at Rs. 5203.91 Lacs as against Rs.3994.82 Lacs in the previous year. The Reason for the increase in Secured Loan from 3994.82 Lacs to 5203.91 Lacs is due to the fact that the company has availed loan of Rs 1565.42 Lacs from State Bank of India during the Year. The Unsecured loan has gone down from Rs.1057.99 Lacs to Rs. 473.00 Lacs. The decrease in Unsecured Loan in FY 2009-10 is due to the fact that the Company has repaid the Unsecured Loan due to it.

Sundry Debtors

The Sundry Debtors increased by 45.50% from Rs.408.93 Lacs as on 31st March 2009 to Rs.595.18 Lacs as on 31st March 2010.This was mainly due to increase in Turnover of Sponge Iron and Power thereby leading to an increase in the related debtors.

Results for the Financial Year ended March 31, 2009 as compared to the results for the year ended March 31, 2008

Income

Our total income increased by 68.62% to Rs. 13237.35 Lacs in March 31, 2009 from Rs. 7850.55 Lacs in March 31, 2008. Total sales went up by 82.40% to Rs. 13380.83 Lacs from Rs. 7336.20 Lacs. The Other Income has gone up during the year by 227.42% from Rs. 21.13 Lacs to Rs.69.18 Lacs. The reason for increase in sales in FY 08-09 is due to the fact that the our induction furnace & Power was Operational for 6 Months in FY 2007-08 as it came into production in September 2007 but was fully operational (12 months) in FY 2008-09 and as a result the sales of Billet increased from 1600 Lacs to 9000 Lacs. This is the main reason of increase in sales. The increase in other income in FY 2008-09 is on account of the late delivery settlement recognised in P & L a/c as income since the same was remission of Liability that was payable to Veasons Energy to the tune of Rs 52 Lacs.

Expenditure

Total expenditure (including finance charges, except depreciation) was at Rs.12287.07 Lacs as against Rs. 7088.92 Lacs in the previous year i.e. an increase of 73.33%. The Increase in Total expenditure was due to full fledged operation carried out in induction furnace & power hence leading to an increase in expenditure.

Raw Material Consumed & Direct Expenses

The Raw material consumed and direct expenses increased to Rs.11384.96 Lacs in FY 2009 from Rs.6496.53 Lacs in FY 2008 showing an increase of 75.25%. This was mainly on account of increase in production charges, Loading charges & Material shifting charges that led to increase in Raw Material Consumed & Direct Expenses.

Personnel Expenses

The Personnel Expenses for the Year 2008-09 as compared to FY 2007-08 is higher by 100.32 % to Rs.134.29 from Rs.67.04. The main reason in higher cost in FY 2008-09 is due to the fact that the company's 7.5 MW Power Plant and Induction Furnace Unit which came into production in Mid of FY 2007-08 i.e. in August 2007, became fully operational from FY 2008-09 as a result the personnel cost also increased.

Administration Expenses

Expenditure under this head had shown an increase of 71.70% over the previous year. In absolute terms it has gone up from Rs.105.33 Lacs to 181.06 Lacs. The Increase in Administrative cost in FY 08-09 over FY 07- 08 is due to the increase in bank charges & Commission, job hire charges, legal & professional charges, due to loss on sale of fixed assets and also due to increase in travelling & other indirect expenditure..

Finance Expenses

Finance expenses had increased to Rs. 567.13 Lacs in FY 2009 from Rs.397.44 Lacs in FY 2008 i.e. an increase of 42.69%. This was due to the fact that the interest on term loan related to Power and Steel is recognised as an expenditure in the FY 2008-09for 12 months whereas in the FY 2007-08 the same was recognised as an expenditure for only 6 months.

Profit/ (loss) before Depreciation, extraordinary items, Prior period items & taxes

Profit before depreciation, extraordinary items, prior period items & taxes, in absolute terms for the year 08-09 had shown an increase of 24.77% over the previous year. This is mainly due to the increase in Turnover and other income in FY 08-09 over FY 07-08

Depreciation

Depreciation for the year was at Rs. 326.23 Lacs as against Rs.233.84 Lacs for the year ended 31st March 2008. This was mainly due to additions made during the year.

PAT

PAT increased from Rs.340.57 Lacs to Rs.408.94 Lacs in the year ended 31st March 2009 registering an increase of 20.07%. This is mainly due to the increase in Turnover and other income in FY 08-09 over FY 07-08.

Fixed Assets

Due to disposal of assets in the F.Y. 2009 and also due to increase in accumulated depreciation on account of additions made during the year, the Net Fixed Assets (including Capital work in progress) had gone down from Rs.5692.91 Lacs to Rs.5509.41 Lacs in the current year.

Secured/ Unsecured Loans

The Secured loan was at Rs. 3994.82 Lacs as against Rs.5752.65 Lacs in the previous year. The Unsecured loan has gone up from Rs.188.35 Lacs to Rs. 1057.99 Lacs. The Reason for the decrease in Secured Loan from 5752.65 Lacs to 3994.82 Lacs is due to the fact that firstly the Loans of Rs 500 Lacs taken for rolling Mill was paid up as plan was not executed and secondly LC A/C was wholly paid off to the tune of Rs. 122 Lacs and thirdly regular paying of installments of Term Loan I & II. Cash Credit limit was also paid of during the FY 2008-09 to the tune of Rs 500 Lacs. The Increase in Unsecured Loan in FY 2008-09 is due to the substantial amount provided to the company by Directors and Body Corporate.

Sundry Debtors

The Sundry Debtors increased by 14.62 % from Rs.356.78 Lacs as on 31st March 2008 to Rs.408.93 Lacs as on 31st March 2009. This was mainly due to increase in Turnover.

Results for the Financial Year ended March 31, 2008 as compared to the results for the year ended March 31, 2007

Income

Our total income increased by 96.82% to Rs. 7850.55 Lacs in 31st March 2008 from Rs. 3988.73 Lacs in 31st March 2007. Total sales went up by 90.74% to Rs 7336.20 Lacs from Rs. 3846.26 Lacs. The Other Income has decreased during the year by 78.08% from Rs. 96.39 Lacs to Rs. 21.13 Lacs. The reason for increase in sales in FY 07-08 over FY 2006-07 is due to the fact that our Induction furnace & Power both came into production in September 2007 and as a result turnover of Power, Billet both made addition to the total sales as compared to only Sponge Iron Sales in FY 2006-07.

Expenditure

Total expenditure (including finance charges, except depreciation) was at Rs.7088.92 Lacs as against Rs.3778.10 Lacs in the previous year i.e. an increase of 87.63%. The Increase in Total expenditure was on account of the increase in Production cost of Power and Billet in addition to the production of Sponge Iron and Ingots.

Raw Material Consumed & Direct Expenses

The Raw material consumed and direct expenses increased to Rs.6496.53 Lacs in FY 2008 from Rs.3426.39 Lacs in FY 2007 showing an increase of 89.60%. This was mainly on account of increase in power charges, production charges, repair & maintenance charges and also on account of increase in material shifting charges in comparison to previous year.

Personnel Expenses

The Personnel Expenses for the Year 2007-08 as compared to FY 2006-07 is higher by 111.75 % to Rs.67.04 from Rs.31.66. The main reason in higher cost in FY 2007-08 is due to the fact that the company's both 100 TPD sponge Iron Kiln was fully operational thereby leading to an increase in labour force hence in its related cost

Administration Expenses

Expenditure under this head in FY 2008 had shown an decrease of 21.95 % over the previous year FY 2007. In absolute terms it has gone down from Rs.134.94 Lacs to 105.33 Lacs. The main reason of decrease in Administrative Expenses in FY 2007-08 is due to the fact that the company has not paid the Lease rent to CCI (Mandhar Railway Siding) which cost about Rs 65.65 Lacs in FY 2006-07, as the company has cancelled the contract with CCI in FY 2007-08.

Finance Expenses

Finance expenses had increased to Rs. 397.44 Lacs in FY 2008 from Rs. 166.32 Lacs in FY 2007 i.e. an increase of 138.96%. This was due to the fact that the company had commenced production of Power & Steel in September 2007 and interest on Term Loan of Power & steel in addition to the regular interest on existing Term loan and cash credit A/c's had increased finance expenses from Rs 166.32 Lacs to Rs 397.44 Lacs.

Profit/ (loss) before Depreciation, extraordinary items, Prior period items & taxes

Profit before depreciation, extraordinary items, prior period items & taxes, in absolute terms for the year 07-08 had shown an increase of 261.60% over the previous year. This is mainly due to the increase in Turnover in FY 07-08 over FY 06-07.

Depreciation

Depreciation for the period FY 2008 was at Rs.233.84 Lacs as against Rs.111.13 Lacs for the year ended 31st March 2007. This was mainly due to capitalisation of the assets in the books during the year from C. WIP to Fixed assets.

PAT

PAT increased from Rs.45.34 Lacs to Rs.340.57 Lacs in the year ended 31st March 2008 registering an increase of 651.06%. This is mainly due to the increase in turnover in FY 07-08 over FY 06-07.

Fixed Assets

The Net Fixed Assets (including Capital work in progress) had augmented from Rs.4027.16 Lacs in FY 2007 to Rs.5692.90 Lacs in FY 2008. The reason for increase in Net Fixed Assets is due to the Capitalization of Power & Steel unit from Capital Work in Progress to Fixed Assets as production of Power & Steel commenced from September 2007.

Secured/ Unsecured Loans

The Secured loan in FY 2008 was at Rs. 5752.65 Lacs as against Rs. 4116.44 Lacs in the previous year. The Unsecured loan for the same period has reduced from Rs. 215.99 Lacs to Rs. 188.35 Lacs. The Reason for increase in secured loans in FY 2007-08 over FY 2006-07 is due to the Loan taken for Rolling Mill of Rs 500 Lacs and further utilisation of Term Loan for Power & steel and Cash Credit limits.

Sundry Debtors

The Sundry Debtors decreased by 32.59% from Rs.528.50 Lacs as on March 31, 2007 to Rs. 356.78 Lacs as on March 31, 2008. The decrease in Sundry debtors amount in FY 2007-08 over FY 2006-07 is due to recovery made by company from debtors like Dadu Steel (29.00 Lacs), Mahalaxmi Steel industries (46.00 Lacs), Om Sai Ram Steel (45.56 Lacs), Super Iron & Steel (74.00 Lacs).

FINANCIAL INDEBTEDNESS

Principle Terms and Conditions of Outstanding Secured Loans:

(Rs. In Lacs)

Name of Lender	Facility	Sanction Limit	Amount o/s as on February 28, 2011	Rate of interest	Security Offered
Union Bank of India	Term Loan	1250.00	150.00	BPLR-1%.	Land at Sondra.
Union Bank of India	Term Loan	3150.00	1912.50	BPLR-2%.	Land & Building at VIP of Pramod Vaswani
State Bank of India	Cash Credit	300.00	284.18	9%	Hypothecation of Stocks & Book Debts
State Bank of India	Term Loan	2000.00	1948.00	11.75%	Land at Sondra 29.468 hectare and 2 nd pari passu charge on entire current assets of the company with other consortium member banks

SECTION VI: LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigations, suits, criminal or civil prosecution, proceedings or tax liabilities against our Company, our Directors, our Promoters and our Promoter Group 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 issue by the Company, 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 (1) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company (the Subsidiary of the Company has no material litigation pending against it) and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiaries, our Promoters, our Directors or our Promoter Group.

Further, our Company, our Group Companies, our Directors, our Promoters and companies which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI and have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no proceedings in relation to violations of securities laws committed by our Promoter in the past or currently pending against our Promoter.

A. CASES INVOLVING THE COMPANY

1. Proceedings pending against the Company

1.1 Excise Tax

- 1.1.1 By a show cause notice [No. V (Ch.72) 15-336/ADC/RPR/2009/Adj/8057] dated 20.10.2009, the Jt. Commissioner, Customs & Central Excise, Raipur has called upon the Company to show cause as to why Cenvat Credit on structural items alleged to have been wrongly availed along with interest on the duty should not be recovered from the Company and as to why penalty should not be imposed on the Company. By an Order in Original (No. 145/CH.72/ADC/RPR/2010) dated 24.09.2010, the Additional Commissioner, Central Excise, Raipur, has disallowed the credit of Rs. 49.72 Lacs and ordered for its recovery along with interest and also imposed an equivalent penalty of Rs. 49.72 Lacs on the Company. The Commissioner (Appeals), Central Excise, Raipur-I, has vide his Order in Appeal (No. 14/RPR-I/2011) dated 25.01.2011 upheld the said Order in Original passed by the Additional Commissioner, Central Excise, Raipur. The aggregate financial liability in the matter is approximately Rs. 99.44 Lacs.
- 1.1.2 By a show cause notice [No. V(72) 4-227/VIPL/RPR/08/7551] dated 30.09.2008, the Assistant Commissioner, Customs & Central Excise, Raipur called upon the Company to show cause as to why Cenvat Credit on cement, Rectangular Bar and TMT Bar alleged to have been wrongly availed along with interest on the duty should not be recovered from the Company and as to why penalty should not be imposed on the Company. By an Order in Original (No. 180/ADJ/AC/2008) dated 12.12.2008, the Asst. Commissioner, Customs & Central Excise, Raipur, has disallowed the credit of Rs. 3.17 Lacs and ordered its recovery along with interest and also imposed penalty of Rs. 3.17 Lacs. The Commissioner (Appeals), Central Excise, Raipur – I, has vide his Order in Appeal (No. 13/RPR-I/2011) dated 11.01.2011 while upholding the disallowance of credit availed by the Company, partially allowed the appeal by setting aside the penalty of Rs. 3.17 Lacs imposed under Section 11AC. The financial liability in the matter as of now is approximately Rs. 3.17 Lacs which may, however, increase up to Rs. 6.35 Lacs if the department files appeal against the said order of Commissioner (Appeals). No notice of appeal/ revision against the same has been received by the Company till now.
- 1.1.3 By a show cause notice [No. V(72) 4-302/VIL/RPR/2009/6357] dated 05.10.2009, the Assistant Commissioner, Customs & Central Excise, Raipur called upon the Company to show cause as to why Cenvat Credit on CTD Bar and TMT Bar alleged to have been wrongly availed along with interest on the duty should not be recovered from the Company and as to why penalty

should not be imposed on the Company. By an Order in Original (No. 81/ADJ/AC/2010) dated 22.10.2010, the said Assistant Commissioner has disallowed the Cenvat Credit of Rs. 2.59 Lacs and ordered its recovery along with interest and also imposed an equivalent penalty of Rs. 2.59 Lacs on the Company. The Commissioner (Appeals-I), Central Excise, Raipur, has vide his Order in Appeal (No. 15/RPR-I/2011) dated 25.01.2011 upheld the said Order in Original. The aggregate financial liability in the matter is approximately Rs. 5.20 Lacs.

- 1.1.4 By a show cause notice [F No V(Ch.72) 15-10/ADC/RPR/2011/Adj/830] dated 08.02.2011, the Additional Commissioner, Customs & Central Excise, Raipur has called upon the Company to show cause as to why an amount of Rs. 7.60 Lacs for removing iron ore fines without allegedly paying the appropriate amount as required under Rule 6(3) of the Cenvat Credit Rules, 2004 along with interest on the same should not be recovered from the Company and as to why penalty should not be imposed on the Company. The Company has vide its letter dated 18.02.2011 given its detailed reply to the said show cause notice. The matter is pending hearing and final disposal. The aggregate financial liability in the matter is approximately Rs. 15.20 Lacs.

1.2 Arbitration

Cement Corporation of India Limited ("CCIL") has filed petition before the Delhi High Court (OMP No. 8/2010) against the Company challenging certain findings made by the Ld. Arbitrator in the arbitral award dated 24.10.2009. The arbitral proceedings have arisen out of order/ contract/ agreement (work order) contained in CCIL's letter dated 14.12.2005 bearing reference No. 39/05/11(4)05-MMO addressed to the Company for the purpose of, *inter alia*, operating the railway siding at Mandhar. The Company had vide its letter dated 01.09.2006 conveyed its unwillingness to continue the use of the railway siding due to blockage of approach road by the Railway Administration with effect from 25.04.2006 and thereafter sought refund of Rs. 10,00,000/- given as security deposit by the Company. The Ld. Arbitrator vide arbitral award dated 24.10.2009 held that the Company is entitled to refund of an aggregate amount of Rs. 3,22,300/- with future interest from the date of award till realization @ 18% p.a. The Hon'ble Delhi High Court has by its final order dated 11.01.2010 dismissed CCIL's petition by refraining to interfere with Ld. Arbitrator's findings. No notice of appeal/ revision against the same has been received by the Company subsequently.

1.3 Registrar of Companies

A show cause notice dated 19.11.2007 was issued by the ROC, M.P. & Chhattisgarh calling upon the Company and Mr. Ravi Vaswani, to show cause as to why legal action should not be initiated by way launching prosecution against the Company and its directors/ officers in default for contravention of Section 383-A of the Companies Act, 1956 for not having appointed a whole-time Company Secretary when the Company was having a share capital exceeding Rs. 2 crores. The Company has not received any further notice/ communication nor has any action been taken by the said ROC subsequently and the Company is having a whole time Company Secretary in its employment.

2. Proceedings/ appeals filed by the Company

2.1 Entry Tax

The Assistant Commissioner, Commercial Taxes, Raipur has, by a tax assessment order together with demand notice, both dated 27.01.2009, directed the Company to make payment of Rs. 1,03,234/- for alleged non-payment of entry tax by the Company for the assessment period April 1, 2005 to March 31, 2006. The Company preferred an appeal before the Appellate Deputy Commissioner, Commercial Taxes, Raipur against the said order dated 27.01.2009 and during the proceedings opted for settlement of the matter under the Chhattisgarh Commercial Taxes (Bakaya Rashi) Saral Samadhan Yojana, 2010. The Company's application for settlement of matter was allowed subject to payment of Rs. 26,940/- to the department and the Company has since paid the said settlement amount on 24.12.2010.

2.2 Sales Tax

The Assistant Commissioner, Commercial Taxes, Raipur has, by a tax assessment order together with demand notice, both dated 27.01.2009, directed the Company to make payment of Rs. 2,56,020/- for the alleged non-payment of sales tax by the Company for the assessment period April 1, 2005 to March 31, 2006 as the total amount being payable as sales tax. The Company preferred an appeal before the Appellate Deputy Commissioner, Commercial Taxes, Raipur against the said order dated 27.01.2009 and during the proceedings opted for settlement of the matter under the Chhattisgarh Commercial Taxes (Bakaya Rashi) Saral Samadhan Yojana, 2010. The Company's application for settlement of matter was allowed subject to payment of Rs. 1, 27,612/- to the department and the Company has since paid the said settlement amount on 24.12.2010

2.3 Excise Tax

Acting upon intelligence, preventive officers of the Central Excise Hqrs., Raipur visited the Company's factory premises and its city office located at 12/ 13, Vijeta Complex, Shastri Bazaar, Raipur. The officers of the central excise carried out preventive checks, withdrew incriminating documents and conducted physical verification of stock of finished products. During the search operation conducted at the Company's factory premises on 25.07.2007, the officers of central excise recovered and resumed some Process Log sheets along with other incriminating documents/ records. On 20.12.2008, a team of excise officers also visited the business premises of M/s. Kailash Traders, proprietor Shri Kailash Agarwal situated at Mittal Complex, Ganjpara, Raipur and during the search operations withdrew incriminating documents. M/s. Kailash Traders, proprietor Shri Kailash Agarwal was working as a commission agent for the Company and was allegedly involved in arranging sale and purchase of sponge iron for the Company. Based on the incriminating documents seized during the aforesaid search operations and statements recorded by the officers of the central excise, the Commissioner, Customs & Central Excise, Raipur has issued a show-cause notice dated 15.04.2009 bearing reference C No IV(6)Inv/15/VIL/2007/P/3704 to the Company, two of its Directors, Production Manager of the Company and Shri Kailash Agarwal alleging, inter alia, suppression of production of sponge iron with the intent to evade payment of excise duty by the Company. By an Order in Original (No COMMISSIONER/RPR/30/3010) dated 21.04.2010, the Commissioner, Central & Central Excise, Raipur has confirm the demand of central excise duty (amounting to approximately Rs. 1.40 crores) and imposed equivalent penalty (amounting to approximately Rs. 1.40 crores) on the Company. By the same order, the said Commissioner has also imposed penalties on two of the Company's Directors and one Production Manager. The Company has preferred an appeal against the said Order in Original which is pending before the CESTAT. The aggregate financial implication involved in the matter is approximately 2.94 crores.

2.4 Income Tax

The Assistant Commissioner of Income Tax 1(2), Raipur has vide order dated 30.06.2009 (passed u/s. 271(1)(c) of the Income Tax Act, 1961) imposed a penalty of Rs. 1.01 Lacs on the Company for concealment of particulars of its income and furnishing of inaccurate particulars thereof for the Assessment Year 2006-07. In pursuance of the said order dated 30.06.2009, the ACIT 1(2), Raipur has issued notice of demand dated 30.06.2009 u/s. 156 of the Income Tax Act demanding a sum of Rs. 1.01 Lacs from the Company. The Company has on 29.07.2009 filed an appeal against the said order dated 30.06.2009 before Commissioner Income Tax (Appeals) which is pending hearing and final disposal.

2.5 Civil Case

The Company has filed a suit (No. - 2B/2011) before the District Court, Raipur (Chhattisgarh) against Suvikas Alloys and Steel Private Limited ("Suvikas") for recovery of amount of Rs. 24.81 Lacs along with interest, etc. due to the Company from Suvikas for sale of sponge iron. The matter is pending before the said District Court.

B. CASES INVOLVING THE DIRECTORS

Excise Tax

By an Order in Original (No COMMISSIONER/RPR/30/3010) dated 21.04.2010, the Commissioner, Central & Central Excise, Raipur has imposed penalty of Rs. 5 Lacs each on Mr. Pramod Vaswani and Mr. Ravi Vaswani, Directors of the Company for their alleged acts of omission and commission leading to alleged evasion of duties by the Company. The said Directors have preferred an appeal which is pending before the CESTAT.

C. CASES INVOLVING THE GROUP COMPANIES

I. COSMOS CASTING (INDIA) LIMITED

1 Service Tax

1.1 The Assistant Commissioner, Central Excise Headquarters, Raipur had issued a show cause notice to M/s. Cosmos Casting (India) Ltd. ("Cosmos") for allegedly having availed of Cenvat Credit on the strength of TR-6 challans which were not the proper documents for such availment. The said Assistant Commissioner has vide Order in Original No. 12/ADJ/AC/2007 dated 28.2.2007 confirmed the aggregate demand of Rs. 99,807/- as Cenvat duty and ordered its recovery together with interest thereon and further imposed penalty of Rs. 15,000/- on Cosmos. The Commissioner (Appeals-I), Customs & Central Excise, Raipur has vide his Order in Appeal No.96(ST)/RTR-I/2007 dated 19.12.2007 upheld the said Order in Original passed by the Asst. Commissioner. Cosmos has preferred a second appeal (No. ST/89/08) before Customs, Excise & Service Tax Appellate Tribunal, New Delhi ("CESTAT") against the aforementioned Commissioner's order. The CESTAT vide its final order (No. ST/74/11) dated 28.02.2011 allowed the company's appeal by holding that since there is no dispute about the realisation of the demand by the exchequer, the technicalities shall not be a bar to deny credit to the company

1.2 Show cause notice dated 11.12.2007 bearing F. No. V(ST)Cosmos/35/35/Adj077989 was issued by the Assistant Commissioner, Central Excise, Raipur alleging certain irregularities in the payment of service tax for the period January, 2005 to March, 2007 by Cosmos. Cosmos vide its letter dated 11.02.2008 bearing reference No. CCL/ST/DCN/07-08 had sent a detailed point-wise reply to the above mentioned notice. The said Assistant Commissioner has vide Order in Original No. 27/AC/ADJ/ST/2009 dated 04.05.2009 confirmed the demand of service tax and ordered its recovery along with interest at appropriate rate and also imposed penalties on Cosmos. The Commissioner (Appeals-I), Customs & Central Excise, Raipur has by an Order in Appeal (No. 28(ST)/RPR-I/2010) dated 15.04.2010 partially allowed the appeal filed by Cosmos by reducing the demand of service tax to 25% of the demand confirmed by the Asst. Commissioner and accordingly reducing the amount of penalties. Cosmos has not received any notice of appeal/ revision against the Commissioner's order subsequently. The aggregate financial liability in the matter is approximately Rs. 4.08 Lacs.

2 Excise Tax

2.1 The Assistant Commissioner, Customs & Central Excise, Raipur had on 12.03.2007 issued a show cause notice to Cosmos for alleged suppressed production and clandestine removal of Rolls without payment of excise duty during the period 2000-01 and 2001-02. The said Assistant Commissioner has vide Order in Original No. 63/ADJ/AC/2007 dated 20.08.2007 confirmed the demand of excise duty and ordered its recovery together with interest thereon and also imposed a further penalty for an equivalent amount on Cosmos. The Commissioner (Appeals-I), Customs & Central Excise, Raipur has vide his Order in Appeal No. 242/RPR-I/2007 dated 03.12.2007 upheld the said Order in Original passed by the Asst. Commissioner. Cosmos has preferred a second appeal (No. E/283/2008-SM [BR]) before CESTAT against the aforementioned Commissioner's order dated 03.12.2007. The CESTAT had vide its order dated 06.05.2008 directed Cosmos to deposit the duty of Rs. 10,000/- within six weeks there from upon which the pre-deposit of the balance amount of duty and penalty was waived till the disposal of the appeal. The matter is pending hearing and final disposal. The aggregate financial liability in the matter is approximately Rs. 57,202/-

- 2.2 Pursuant to search conducted on 13.06.2003 by the officers of central excise in the factory premises of Cosmos and the investigation conducted in this regard, a show-cause notice dated 18.03.2008 bearing C. No. V(Ch.72)15-59/ADC/RPR/2008/Adj/2649-52 was issued by the Additional Commissioner, Central Excise, Raipur to Cosmos for alleged clandestine removal of MS Ingot & Chilled Rolls without issue of Central Excise invoice and without payment of central excise duty. The said Additional Commissioner has vide Order in Original No. 59/Ch.72/ADC/RPR/2009 dated 23.03.2009 confirmed the demand of excise duty and ordered its recovery together with interest thereon and also imposed additional penalty on Cosmos. Cosmos preferred an appeal before the Commissioner (Appeals-I), Customs & Central Excise, Raipur against the said Additional Commissioner's Order in Original. The said Commissioner has vide his Order in Appeal No. 76-77/RPR-I/2009 dated 17.12.2009 set aside the Additional Commissioner's Order in Original passed against Cosmos as well as its Director, Shri Ravi Vaswani. The Company has not received any notice/ intimation/ communication of any appeal filed by the department against the said Commissioner's Order in Appeal as on date of this Report. The financial liability involved in the matter is approximately Rs. 47.93 Lacs.
- 2.3 The Additional Commissioner, Customs & Central Excise, Raipur, vide show cause notice [No. V(Ch-72) 15-214/ADC/RPR/2009/Adj/8644] dated 12.11.2009 called upon Cosmos to show cause as to why Cenvat Credit on MS Channels, beams, joist, round, angles, plates sheet, square and coils etc. alleged to have been wrongly availed during the period November 2004 to March 2009 along with interest on the duty should not be recovered from Cosmos and as to why penalty should not be imposed on Cosmos. The said Additional Commissioner vide his Order in Original (No. 146/CH.72/ADC/RPR/2010) dated 24.09.2010 disallowed the Cenvat credit of Rs. 39.76 Lacs and ordered its recovery along with interest and also imposed a penalty of Rs. 39.76 Lacs on Cosmos. Cosmos has filed an appeal on 19.11.2010 with the Commissioner (Appeals-I), Customs & Central Excise, Raipur, against the said Additional Commissioner's order which is pending hearing and final disposal. The aggregate financial implication involved in the matter is approximately Rs. 79.52 Lacs.
- 2.4 By a show cause notice dated 02.05.2010, the Assistant Commissioner, Central Excise & Customs, Raipur has called upon Cosmos to show cause as to why Cenvat Credit aggregating to Rs. 3.47 Lacs on MS Channels, beams, joist, round, angles, plates and coils etc. alleged to having been wrongly availed during the period April 2009 to March 2010 along with interest on the duty should not be recovered from Cosmos and as to why penalty of an amount equivalent to the credit disallowed should not be imposed on Cosmos. The aggregate financial implication involved in the matter is approximately Rs. 6.94 Lacs.

3 Income Tax

The Assistant Commissioner Income Tax 1(2), Raipur has by an Assessment Order dated 7.12.2007 disallowed an aggregate sum of Rs. 56, 55,099/- claimed as deductions under Section 37(1) of the Income Tax Act, 1961 for the Assessment Year 2005-06. Cosmos has in January, 2008 filed an appeal before the Commissioner of Income Tax (Appeals) against the said order dated 7.12.2007 which is pending hearing and final disposal.

4 Registrar of Companies

Cosmos has received show cause notice dated 12.06.2010 from the Dy. ROC, M.P. & Chhattisgarh calling upon Cosmos and its directors/ officers in default to show cause as to why action should not be taken for prosecution under Sections 162, 168, 210(5) and 220(3) of the Companies Act, 1956 for alleged contravention of Sections 166, 210 and 220 of the Companies Act for not having filed with the ROC its Annual Return, Balance Sheet & Profit and Loss Account within the time stipulated under the Act. Pursuant to receipt of the said notice, Cosmos has filed its Annual Return, Balance Sheet & Profit and Loss Account with the ROC, Gwalior.

II. C.G. ISPAT LIMITED

By a show cause notice [No F. No. V (Ch.72) 15-334/Commr/RPR/2008/Adj/22831] dated 18.12.2009, the Commissioner, Central Excise, Raipur called upon CG Ispat to show cause as to why

Cenvat Credit on various structural steels such as Steel Plates, Angles, Channels, Joists etc. alleged to have been wrongly availed along with interest on the duty should not be recovered from the Company and as to why penalty should not be imposed on the Company. By an Order in Original (No COMMISSIONER/RPR/11/2011) dated 31.01.2011, the said Commissioner has disallowed the Cenvat credit of approximately Rs. 67 Lacs wrongly availed on structural items and ordered its recovery along with interest and also imposed an additional penalty of approximately Rs. 67 Lacs. The aggregate financial liability in the matter is approximately Rs. 134 Lacs.

D. CASES INVOLVING THE DIRECTORS OF THE GROUP COMPANIES

- a. The show-cause notice dated 18.03.2008 as referred to in para C I (2.2) (*Excise Tax*) had also been issued to Shri Ravi Vaswani, Director of Cosmos for his alleged act of connivance and collusion with Cosmos and for being concerned in transporting, removing, depositing, keeping, concealing, selling or purchasing and dealing with excisable goods. The said Additional Commissioner has vide Order in Original No. 59/Ch.72/ADC/RPR/2009 dated 23.03.2009 imposed the penalty of Rs. 5,00,000/- on Shri Ravi Vaswani against which he filed an appeal before the Commissioner (Appeals-I), Customs & Central Excise, Raipur. The said Commissioner has vide his Order in Appeal No. 76-77/RPR-I/2009 dated 17.12.2009 set aside the Additional Commissioner's Order in Original passed against the Director, Shri Ravi Vaswani.

For other details, please refer to para C I (2.2) (*Excise Tax*) under the head "Cases involving the Group Companies".

- b. Directors of Cosmos have also been called upon by the ROC, Chhattisgarh & M.P. to show cause as to why action should not be taken against them for contraventions of Sections 166, 210 & 220 of the Companies Act, 1956 for not having filed with the ROC the Annual Return, Balance Sheet & Profit and Loss Account of Cosmos within the time stipulated under the Act.

For other details, please refer to para C I (4) (*Registrar of Companies*) under the head "Cases involving the Group Companies"

E. CASES INVOLVING THE PROMOTERS

M/s. Kwaliti Foundry Industries ("Kwaliti"), a proprietorship concern of Mr. Ravi Vaswani, had received a show-cause notice C No V(72)4-23/ADJ/KWALITY/2006/2542 dated 1.5.2006 from the Assistant Commissioner, Central Excise, Raipur for having availed Cenvat Credit on the strength of TR-6 challans which were not the proper documents for this purpose. The said Assistant Commissioner has vide Order in Original No. 46/ADJ/AC/2007 dated 4.7.2007 made an aggregate demand of Rs. 61,291/- as Cenvat duty along with interest thereon and a further penalty of Rs. 10,000/- from Kwaliti. In appeal filed by Kwaliti, the Commissioner (Appeals-I), Customs & Central Excise, Raipur has vide his order No. 97(ST)/RPR-I/2007 dated 19.12.2007 up-held findings and demand of the said Order in Original passed by the Assistant Commissioner. Kwaliti has on 28.1.2008 preferred a second appeal before CESTAT against the aforementioned Commissioner's order. The matter is pending hearing and final disposal.

MATERIAL DEVELOPMENTS SINCE THE LAST AUDITED BALANCE SHEET

The Company has informed us that to the best of their knowledge no circumstances, other than those disclosed below as also those disclose in the Red Herring Prospectus, have arisen since the date of the last audited balance sheet for the 7 months period ended October 31, 2010 which materially affect or are likely to affect the trading and profitability of the Company, or the value of its assets or the ability to pay its material liabilities within the next 12 months.

GOVERNMENT AND OTHER STATUTORY APPROVALS

The Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by the Company for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr. No	Particulars	Granting Authorities	Registration/Approval /Code No./ Artistic Work No.	Date of Issue	Period of Validity if specified
1	Certificate of Incorporation of Vaswani Industries Limited	Registrar of Companies, M.P. & Chhattisgarh	U28939CT2003PLC015964	22 nd July, 2003	
2	Certificate for Commencement of Business	Registrar of Companies, M.P. & Chhattisgarh		10 th February, 2004	
3	Permanent Account No.	Income Tax Department, Govt. of India	AABCV9564E	22 nd July, 2003	
4	Tax Deduction Account No. (TAN)	Income Tax Department, Govt. of India	JBPV00442B	27 th October, 2004	
5	Service Tax Code Number	Superintendent, Central Excise, Raipur	AABCV9564EST001	19 th May, 2006	
6	Central Excise Registration Certificate	Deputy Commissioner of Central Excise	AABCV9564EXM001	3 rd March, 2005	
7	Tax Payer's Identification No. (TIN)	Commercial Tax Officer, Raipur	22421902697	19 th March, 2010	
8	Registration under Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund Commissioner	CG/18855	3 rd August, 2006	
9	Registration under Employees State Insurance Act, 1948	Employees State Insurance Corporation	59-0209-52	7 th March, 2006	
10	Importer Exporter	Govt. Of India, Ministry of	6306000135	29 th March, 2007	

Sr. No	Particulars	Granting Authorities	Registration/Approval /Code No./ Artistic Work No.	Date of Issue	Period of Validity if specified
	Code(IEC)	Commerce			
11	Factory License	Deputy Chief Inspector of Factories, Govt. of Chhattisgarh, Raipur	License No. 1894/1894	4 th January, 2011	31 st December , 2011
12	Registration under Contract Labour (Regulation and Abolition) Act, 1970	Registering Officer, Contract Labour Act, 1970, Raipur.	489/RPR/2006	14 th March, 2006	-
13	Approval under Chhattisgarh State Electricity Board (CSEB) for sanction of 500 KVA HT power supply on 33 KV	Executive Engineer CSEB, Raipur	CE/RR/HTC/7792	15 th December, 2004	
14	In-principle approval to commence— 1) 1 x 8 MW 11 K.V. T.G.Set Make – T.D. Power System, Sr. No. 2K703346-01 2) 1 x 500 K.V.A. 415 Volt D.G.Set, Make- Stampford, Sr. No.- 06062460 3) 1 x 2500 K.V A 11/433 K.V. Auxilary Transformer, Make- M.P. Transformer Sr. No. MPT 008 4) 3 x 4200 K.V.A 11/0.9-0.9 K.V. Furness Transformer, Make- M. P. Transformer	Executive Engineer, Chhattisgarh	Num/Ni-3/8/3425/13/379	27 th July, 2007	

Sr. No	Particulars	Granting Authorities	Registration/Approval /Code No./ Artistic Work No.	Date of Issue	Period of Validity if specified
	Sr. No. MPT-0018, MPT-0019, MPT-0020 5) E.S.P. Transformer 3 x 16.6 K.V. 415 Volt/90 K.V., Make-Ador Power Transformer, Sr. No. 4801-01-12-2006, 4802-01-12-2006, 4803-01-12-2006 and 11 K.V High Pressure Cable				
16	Certificate for setting up of Industrial Unit with yearly production capacity of Sponge Iron (60,000 MT), Power (7.5 MW) and Steel Ingots/ Billets (36,000 MT)	District Trade and Industry Centre, Raipur	003/2006 (1647)	28 th February, 2008	
17	In-principal approval for industrial use of land admeasuring 5.075 hectares	Town Planning and Development Authority, Raipur	7958/PL-333/04	20 th December, 2004	
18	No objection certificate for production of sponge iron, power, etc.	Gram Panchayat, Sondra	-	4 th October, 2004	
19	Certificate for use of Boiler No. S/195/09 (WHR Water Tube)	Inspector of Boiler, Boiler Inspection Department, Chhattisgarh	CG/254	20 th December 2010	19 th December 2011
20	Certificate for use of Boiler No. S/203/09 (WHR Water Tube)	Inspector of Boiler, Boiler Inspection Department, Chhattisgarh	CG/255	7 th January, 2011	6 th January, 2012
21	Certificate for use of Boiler	Chief Inspector of Boiler, Boiler	CG/256	28 th June, 2010	27 th June, 2011

Sr. No	Particulars	Granting Authorities	Registration/Approval /Code No./ Artistic Work No.	Date of Issue	Period of Validity if specified
	No. S/187/09 (FBC Water Tube)	Inspection Department, Chhattisgarh			
22	Renewal of consent to operate under Air (Prevention & Control of Pollution) Act, 1981 for production capacity of sponge iron (90,000 MT/annum); WHRB Power Plant (9.00 MW); Fluidized Bed Boiler Based Power Plant (2.5 MW) and M.S. Ingots/ Billets (36,000 MT/annum)	Chhattisgarh Environment Conservation Board	5052/TS/CECB/2010	1 st May, 2010	30 th April, 2012
23	Renewal of consent to operate under Water (Prevention & Control of Pollution) Act, 1974 for production capacity of sponge iron (90,000 MT/annum); WHRB Power Plant (9.00 MW); Fluidized Bed Boiler Based Power Plant (2.5 MW) and M.S. Ingots/ Billets (36,000 MT/annum)	Chhattisgarh Environment Conservation Board	5050/ TS/CECB/2010	1 st May, 2010	30 th April, 2012

Pending Approvals:

Sr. No.	Particulars	Granting Authority/ Applied to	Application/ Code / Reference No	Date of Application
1	Permission for land	Sub-Divisional Officer,	-	8 th February,

	admeasuring 16.494 hectares for Industrial Use	Raipur		2010
			-	
			-	
4	Application for registration of Trade Mark "VIL" under Class 39	Registrar of Trade Marks	1980955	17 th June, 2010
5	Application for registration of Trade Mark "VIL" under Class 40	Registrar of Trade Marks	1980956	17 th June, 2010
6	Application for registration of Trade Mark "VIL" under Class 35	Registrar of Trade Marks	1980957	17 th June, 2010
7	Application for registration of Trade Mark "VIL" under Class 6	Registrar of Trade Marks	1980958	17 th June, 2010

SIA Approvals

Ministry of Commerce & Industry
 Secretariat for Industrial Assistance
 Public Relation & Complaints Section, New Delhi.

NIC Code	Proposed Item of manufacture	NIC Broad Description	Proposed Capacity	Registration No.	Date of Issue
3302	M.S. / Alloy Steel Ingot	Manufacture of Iron & Steel in Primary/Semi Finished forms in Mini Steel Plants (Includes Re-Rolling of Iron & Steel Scraps)	108000.00 MT	2678/SIA/IMO/2007	17 th September, 2007
3303	Sponge Iron	Manufacture of direct reduced iron and other spongy ferrous products in primary forms, other than in the integrated steel plants	240000.00 MT	4889/SIA/IMO/2005	18 th October, 2005
4000	Generation and Transmission of Power through Waste Heat generated by Manufacture Sponge Iron plant	Generation and Transmission of Electric Energy	20.00 MW	4884/SIA/IMO/2005	18 th October, 2005
4002	Generation and Transmission of Power through Coal Based Power plants	Generation and Transmission of Electric Energy produced in Coal Based Thermal Power Plants	90.00 MW	4884/SIA/IMO/2005	18 th October, 2005

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by the resolution of the Board of Directors passed at their meeting held on January 18, 2010 subject to the approval of shareholders through a special resolution to be passed under to Section 81 (1A) of the Companies Act and such other regulatory authority as may be necessary.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81 (1A) of the Companies Act, passed at the extra-ordinary general meeting of the Company held on February 20, 2010.

Prohibition by SEBI, RBI or Government Authorities

Our Company, Promoter, Promoter Group, Directors, Group Companies 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 RBI or any other regulatory or government authority.

The companies, with which any of our Promoters, Directors or persons in control of the Company or any natural person behind the Promoters are or were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same.

Neither our Company, nor its Directors, Promoters and the relatives of Promoters (as defined under the Companies Act) Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by any of them in the past or are pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26 (1) of the SEBI (ICDR) Requirement 2009, which states as follows:

- (a) *The company has net tangible assets of at least Rs 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets. Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;*

The net tangible assets and monetary assets of the company for the last 3 years are as follows:

Particulars	Year ended March 31,		
	2010	2009	2008
Fixed Assets (Net)	6304.17	5509.41	5692.91
Current Assets, Loans & Advances	3666.13	3390.05	3935.30
Investments	8.38	1.08	0.07
Less: Current Liabilities & Provisions	1220.54	797.81	1086.03
Net Tangible Assets*	8758.14	8102.73	8542.25
Monetary Assets**	94.91	5.00	29.74

**Net tangible assets is defined as the sum of fixed assets (excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)*

*** Monetary assets include cash in hand and bank, as per the Auditor's Report dated 98 pertaining to the Initial Public Offer of Equity Shares by the company.*

- (b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years; Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

The distributable profit of the company for last 5 years is as follows:

(Rs in Lacs)

Particulars	Year ended March 31,				
	2010	2009	2008	2007	2006
Distributable Profits	368.20	408.94	340.57	45.34	50.78

- (c) The company has a net worth of at least Rs. 1 Crore in each of the preceding 3 full years (of 12 months each);

The net worth of the company for last 3 years is as follows:

(Rs in Lacs)

Particulars	Year ended March 31,		
	2010	2009	2008
Net worth of the company	3964.16	2626.43	2351.87

- (d) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue Net worth as per the audited balance sheet of the last financial year.)

The details of the issue size are as follows:

(Rs in Lacs)

Particulars	Year ended March 31, 2010
Net Worth of the Company	3964.16
The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size	[•]

- (e) In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name.

The company has not changed its name within the last one year.

Accordingly, the Company is eligible for the Issue under Regulation 26(1) of the SEBI (ICDR) Regulations 2009.

Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations 2009, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay as specified herein, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Disclaimer Clauses

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, ASHIKA CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 23, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, 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 (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

1. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID; AND
2. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
3. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS 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 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 SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
4. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PPROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
5. WE CERTIFY THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ARE NOT APPLICABLE TO THE ISSUER.
6. 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.
7. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.
8. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT MODE ONLY.
9. 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.
10. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - a. AN UNDERTAKING FROM THE ISSUER COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY
 - b. AN UNDERTAKING FROM THE ISSUER COMPANY THAT IT SHALL COMPLY WITH SUCH

DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

- 11. 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.**
- 12. 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.**
- 13. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Caution - Disclaimer from our Company and the BRLM

Our Company, Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.vaswaniindustries.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the agreement entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriter and our Company.

All information shall be made available by our Company, the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our 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 the Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of our Company. Our 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 our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other

trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIs and Foreign Venture Capital Funds Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Raipur only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the BSE

Bombay Stock Exchange Limited (the "Exchange") has given vide its letter ref.: DCS/IPO/JA/IPO-IP/1303/2010-11 dated November 04, 2010, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- a) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- c) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which maybe suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as "NSE"). NSE has given vide its letter ref.: NSE/LIST/155024-Y dated December 31, 2010 permission to the issuer to use the exchange's name in this offer document as one of the stock exchanges on which this issuer's securities are proposed to be listed. The exchange has scrutinized this draft offer document for its limited internal purpose for deciding on the matter of granting the aforesaid permission to the issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this issuer's securities will be listed or will continue to be listed on the exchange; nor does it take any responsibility for the financial or other soundness of this issuer, its promoters, its management or any scheme or project of this issuer.

Every person who desires to apply for or otherwise acquire any securities of this issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the

exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of ICRA

Notwithstanding anything to the contrary, an ICRA ipo grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied, as to the accuracy, authenticity, timelines or completeness of such information. An ICRA ipo grade is not

- (a) a comment on the present or future price of the security concerned
- (b) a certificate of statutory compliance and/or
- (c) a credit rating. Further, the ICRA ipo grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer, nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department, Division of Issues & Listing of SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the RoC-Madhya Pradesh and Chhattisgarh 3rd Floor, A Block, Sanjay Complex, Jayendra Ganj, Gwalior-474009 Madhya Pradesh. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our Directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following:

1. Directors of our Company

2. Bankers to our Company
3. Auditors to our Company
4. Book Running Lead Managers to the Issue
5. Legal Advisor to the Issue
6. Registrar to the Issue
7. IPO Grading Agency
8. Company Secretary cum Compliance Officer
9. Syndicate Member(s)
10. Underwriter(s)
11. Escrow Collection Banker(s) to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Madhya Pradesh and Chhattisgarh, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Madhya Pradesh and Chhattisgarh.

Expert Opinion

Except the report of the Peer Review Auditor of our Company on the Restated Audited Financial Information and for the report of ICRA Limited in respect of IPO grading of this issue which is annexed to the Red Herring Prospectus, we have not obtained any other expert opinion.

Public Issue Expenses

The total expenses of the Issue are estimated to be approximately Rs. [•] lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in lacs)			
Activity	Estimated Expenses	As a percentage of the total estimated Issue expenses	As a percentage of the total Issue size
Fees payable to the Book Running Lead Managers, Syndicate Member(s) Fees *	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Fees payable to the Registrar to the Issue	[•]	[•]	[•]
Underwriting commission, brokerage and selling commission	[•]	[•]	[•]
SCSB commission	[•]	[•]	[•]
IPO Grading expense	[•]	[•]	[•]
Others (legal fees, listing fees, monitoring agency fees, printing and stationery expenses etc.)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

Previous Public or Rights Issues in the last 5 Years

Our company has not made any public or rights issue of equity shares/debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our company has not issued any Equity Shares for consideration other than cash except as mentioned in the sections titled “Capital Structure” beginning on page no 45 of the Red Herring Prospectus.

Commission and Brokerage on Previous Issues

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the

Equity Shares since inception of the Company.

Details of Capital Issues made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1) (b) of the companies act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of sec 370(1) (b) of the act at present or during the last three years.

Promise vis-à-vis Performance - Last 3 issues

Our Company has not made any Public Issue in the past.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of the Red Herring Prospectus.

Stock Market Data

This being an Initial Public Offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Our Company has constituted a Shareholders Grievance Committee to look into the Redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer section titled "*Shareholders/Investors Grievance Committee*" beginning on page no 109 under the section titled "*Our Management*" beginning on page no 102 of the Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Link Intime India Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Link Intime India Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance Officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors'

grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr.No	Nature of the Complaint	Time taken
1	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Change of Address	Within 7 days of receipt of information.
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Ms. Rachana Hingar as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Company Secretary & Compliance Officer

Ms. Rachana Hingar

Vaswani Industries Limited

MIG-4, Indrawati Colony,

Raipur - 492 001

Chhattisgarh

Tel: 91-0771-4226000

Fax: 91-0771-4226099

E-mail: ipo@vaswaniindustries.com

Website: www.vaswaniindustries.com

Our Company has not received any investor complaints during the three years preceding the filing of the Red Herring Prospectus with SEBI. Further, no investor complaints are pending as on the date of filing the Red Herring Prospectus with SEBI.

Change in Auditors

There has been no change in the Auditors of our company during the last three years.

Capitalization of Reserves or Profits during last five years

Except as stated in the section titled "*Capital Structure*" beginning on page no 45 of the Red Herring Prospectus, our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

There has not been any revaluation of Assets during the last five years.

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, the terms of 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, 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.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with 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 no 214 of this Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of the Red Herring Prospectus at a price of Rs. [●] per Equity Share. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchange(s), and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to section titled “*Main Provisions of Articles of Association*” on page no 214 of the Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in Dematerialised form. As per the existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 120 Equity Shares.

For details of Allocation and Allotment, please refer to the paragraph titled "Basis of Allotment" beginning on page no 206 under section titled "Issue Procedure" beginning on page no 187 of the Red Herring Prospectus.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares 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 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:

- a) To register himself or herself as the holder of the Equity Shares; or
- b) To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised 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.

Bid/Issue Programme:

Bid/Issue Opens On	April 29, 2011
Bid/Issue Closes On	May 03, 2011

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvment of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to under the section titled "*Main Provisions of Articles of Association*" on page no 214 of the Red Herring Prospectus.

Compliance with SEBI (ICDR) Regulations, 2009

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Option to Receive Securities in Dematerialized Form

Equity Shares being offered through the Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

ISSUE STRUCTURE

The present Issue comprising of 1, 00, 00, 000 Equity Shares of Rs 10/- each aggregating Rs [●] Lacs is being made through the 100% Book Building process. Details of the Issue structure are tabulated below:

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 50,00,000 Equity Shares	Not less than 15, 00,000 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35, 00,000 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non- Institutional Bidders.
Percentage of Issue Size available for Allotment / Allocation	Up to 50% of Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment / Allocation if respective category is oversubscribed	Proportionate as follows: a. 2,50,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and b. 47, 50,000 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 2, 00,000 and in multiples of 120 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 2, 00,000 and in multiples of 120 Equity Shares thereafter.	120 Equity Shares
Maximum Bid	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Investor so as to ensure that the Bid amount does not exceed Rs. 2,00,000 which has to be in multiples of 120 Equity Shares.
Mode of Allotment	Compulsorily in dematerialized form.		
Bid Lot	120 Equity Shares in multiples of 120 Equity Shares thereafter.	120 Equity Shares in multiples of 120 Equity Shares thereafter.	120 Equity Shares in multiples of 120 Equity Shares thereafter.
Allotment Lot	120 Equity Shares and in multiples of 1 Equity Shares thereafter	120 Equity Shares and in multiples of 1 Equity Shares thereafter	120 Equity Shares and in multiples of 1 Equity Shares thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds,	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian	Individuals (Including ASBA Bidders, NRI's and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, 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, and insurance funds set up and managed by the army, navy, or air force of the Union of India	individuals, HUF (in the name of Karta), and NRI's (applying for an amount exceeding Rs. 2,00,000)	exceed Rs. 2,00,000 in value. Resident Retail Individual Investor can also bid through ASBA.
Terms of Payment ##	Amount shall be payable at the time of submission of Bid cum Application Form.		
Margin Amount	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank accounts of the ASBA Bidders that are specified in the ASBA Bid cum Application Form.		

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

* Up to 50% of the Issue shall be allocated to QIBs on a proportionate basis subject to valid Bids received at a price above the Floor Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The balance of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them above the Floor Price. However, if the aggregate demand from Mutual Funds is less than 2, 50,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated to the QIBs on proportionate basis. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at the Floor Price. Additionally, not less than 35% of the Issue will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price. Under-subscription in any category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLM. For further details, see "Issue Procedure" on page no 187.

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

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue, including at any time after the Bid Opening Date but before the Allotment of the Equity shares. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two (2) days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid 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. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Issue Programme:

Bid/Issue Opens On	April 29, 2011
Bid/Issue Closes On	May 03, 2011

Bids and any revision in Bids shall be accepted only between **10.00 AM and 5.00 PM** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, except that on the Bid/Issue closing date. **On the Bid/Issue Closing Date, the Bids and any revision of bids (excluding the ASBA Bidders)** shall be accepted only between **10.00 AM and 3.00 PM** (Indian Standard Time) during the bidding period and shall be uploaded until (i) 4.00 PM in case of Bids by QIB Bidders, Non-Institutional Bidders and where the Bid Amount is in excess of Rs. 200,000 and (ii) until 5.00 PM or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and where the bid amount is up to Rs. 200,000. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the 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 the physical form of the 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, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Red Herring Prospectus is Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business days, i.e., Monday to Friday (excluding any public holiday)

Investors Please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, bids and any revision in bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchanges.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three (3) additional Business Days after revision of Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be

widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the members of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated to mutual funds). Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs shall be submitted only to the BRLM, other than Bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs.

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.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five (5) bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Bid-cum-Application Form

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form including ASBA Bid cum Application Form
Indian Nationals or NRIs applying on a non-repatriation basis (ASBA as well as non- ASBA Bidders)	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non- ASBA Bidders)	Blue

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. The ASBA Bid cum Application Form will also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Day. The BRLM and the SCSBs will provide the hyperlink to BSE or NSE websites on their websites.

Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

Who Can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. 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;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI regulations and SEBI (ICDR) Regulations, 2009 and other Regulations, as applicable);
6. Venture capital funds registered with SEBI;
7. Foreign venture capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Insurance companies registered with the Insurance Regulatory and Development Authority;
10. Provident funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to invest in Equity Shares;
11. Pension funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to invest in Equity Shares;
12. Multilateral and bilateral development financial institutions;

13. National Investment Fund set up by resolution F. No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India.
14. 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;
15. Eligible Non-residents including NRI's and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares.
17. Insurance funds set up and managed by the army, navy or air force of the Union of India; and

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

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 the relevant laws, rules, regulations, guidelines and approvals.

Participation by associates and affiliates of the BRLM and the Syndicate Member(s)

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 may subscribe for Equity Shares in the issue, including in the QIBs and Non-Institutional portion where the allocation is on proportionate basis. Such holding or subscription may be on their behalf or on behalf of their clients.

Bids by Mutual Funds

Under the ICDR Regulations, 5% of the QIB Portion, i.e. 2, 50,000 Equity Shares have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 2, 50,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by 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.

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 name of the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms (blue in colour) from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. 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 colour).

Bids by Eligible NRIs for a bid amount of upto Rs 2,00,000 would be considered under the Retail Portion for the purposes of allocation and bids for a bid amount of more than Rs 2,00,000 would be considered under Non-Institutional Portion for the purpose of allocation.

Bids by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI Regulations"), an FII, as defined in the SEBI Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with „know your client“ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI registered Venture Capital Funds (VCF) and Foreign Venture Capital Investors (FVCI)

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 inter alia prescribe the investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds and foreign venture capital investors can invest only up to 33.33% of the investible funds by way of subscription to an IPO of a venture capital undertaking whose shares are proposed to be listed.

The SEBI has issued a press release on June 26, 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 the Red Herring Prospectus with the SEBI.

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 the Selling Shareholders 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, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250

million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company in 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 that our Company, the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Bidders are advised to make their own inquiries about the limits applicable to them. Our Company and the BRLM are not liable for, and are not liable for informing the investors of, any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the applicable investment limits under laws or regulations or the maximum number of Equity Shares that can be held by them under applicable laws. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove.

Maximum and Minimum Bid size

a) For Retail Bidders:

The Bid must be for minimum 120 number of Equity Shares and in multiples of 120 Equity Shares thereafter subject to maximum bid amount of Rs. 2, 00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2, 00,000. In case the Bid Amount is over Rs. 2, 00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) For Others (Non-Institutional Bidders and QIBs) Bidders:

The Bid must be for a minimum of such number of Equity Shares in multiples of 120 such that the Bid Amount payable by the Bidder exceeds Rs. 2, 00,000 and in multiples of 120 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 2, 00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 2, 00,000 or less due to a revision in Bids or revision

of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. The Company, and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English national daily and Hindi national daily) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the RHP with the RoC at least three (3) days before the Bid/Issue Opening Date.
3. The Company may decide to close bidding by QIBs one day prior to the Bid/Issue Closing Date provided that Bidding shall be kept open for a minimum of three days for all categories of Bidders. The Company's decision to close Bidding by QIBs one day prior to the Bid/Issue Closing Date shall be disclosed in the Red Herring Prospectus to be filed with the RoC.
4. The Price Band shall be advertised at least two days prior to the Bid Opening Date/Issue Opening Date.
5. Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
6. Any bidder (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the registered office of the Company or from the BRLM or from a member of the Syndicate or the SCSBs.
7. Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
8. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Instructions for Completing the Bid cum Application Form

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

- (d) For Retail Individual Bidders, the Bid must be for a minimum of 120 Equity Shares and in multiples of 120 thereafter subject to a maximum Bid Amount of Rs. 200,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 200,000 and in multiples of 120 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Submission of Bid-cum-Application Form

All Bids cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

General Instructions:

Do's:

- (a) Check if you are eligible to apply;
- (b) Complete the bid-cum-application form after reading all the instructions carefully;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- (d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
- (f) With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- (g) Ensure that you request for and receive a TRS for all your Bid options;
- (h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.

- (j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (k) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;
- (m) Ensure that the Bid is within the Price Band;
- (n) 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, investors 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.
- (o) Ensure that Permanent Account Number (PAN) is mentioned in the Bid-cum-Application Form.

Don'ts:

- (a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- (b) Do not Bid for lower than minimum Bid size;
- (c) 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;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (e) Do not pay Bid amount in cash, through stock invest, by money order or by postal order;
- (f) Do not provide your GIR number instead of PAN number;
- (g) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 200,000);
- (h) Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);
- (i) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- (j) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (k) Do not submit the Bids without the full Bid Amount.
- (l) Do not bid through a syndicate member, if you are an ASBA investor, and have already submitted your bid through the designated SCSB. Such bids shall be considered as multiple bids and both the applications are liable to be rejected.

Method and Process of bidding

- a) We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date after the filing of the Red Herring Prospectus with RoC and also publish the same and price band in three widely circulated newspapers (one each in English, Hindi and a regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the SEBI (ICDR) Regulations, 2009. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate

Agreement. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date.

- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 (three) working days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchange(s) and published in two national newspapers (one each in English and Hindi) and one regional newspaper and on websites of BRLM and Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding 10 (Ten) working days.
- d) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “*Bids at Different Price Levels*” on page no 196 of this 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.
- f) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled “*Build up of the Book and Revision of Bids*”.
- g) The Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in “*Escrow Mechanism-Terms of payment and payment into the Escrow Accounts*” beginning on page no 196.
- i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the

Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

- a) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date. The Bidders can bid at any price within the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000 to Rs. 7,000.
- b) In accordance with SEBI (ICDR) Regulations, 2009, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitable revised, if necessary such that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 200,000 may bid at 'Cut off'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- g) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- h) In 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
 - ii. Make additional payment based on the cap of the revised Price Band, with the members 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. 200,000, the Bid will be considered for allocation under the Non Institutional category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions please see "Issue Procedure - Payment Instructions" on page no 197.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Escrow Collection Banks, Registrar, the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date.

The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection

Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: "Escrow Account-Vaswani-QIB-R"
 - (b) In case of Non-Resident QIB Bidders: "Escrow Account-Vaswani-QIB-NR"
 - (c) In case of Resident Retail and Non-Institutional Bidders: "Escrow Account-Vaswani-R"
 - (d) In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account-Vaswani-NR"
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.
10. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/postal orders will not be accepted.

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:

- i) 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.
- ii) In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
- iii) The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv) Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v) The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

- vi) Subsequent to the aforesaid procedures a print out of the multiple masters will be taken and the 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 applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Our 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 IT Act. In accordance with the SEBI (ICDR) Regulations, 2009, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

Rejection of Bids

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;

- Bids for number of Equity Shares which are not in multiples of 120;
- Category not ticked;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/postal order/cash;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLM or in case of ASBA Bids for QIBs not intimated to the BRLM;
- Bids by persons in the United States excluding "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES.

Electronic Registration of Bids

- a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

- d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.
- e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
 - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Cheque Details.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s)
- Application Number
- PAN (of First Bidder, in case of more than one Bidder)
- Investor Category and Sub-Category

Retail	Non- Institutional	QIB
(No sub category)	• Individual • corporate • other	• Mutual Funds • Financial Institutions • Insurance companies • Foreign Institutional • Investors other than • corporate and individual • sub-accounts

- Employee/shareholder (if reservation);
 - DP ID and client identification number;
 - Beneficiary account number of Equity Shares Bid for;
 - Quantity;
 - Bid Amount;
 - Bank account number;
 - Cheque amount; and
 - Cheque number.
- g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or

the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ allotted either by the Syndicate or our Company.

- h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- i) In case of QIB Bidders, only the BRLM and their Affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids will be rejected on technical grounds listed on page no 200. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Member finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Member will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
5. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders in the Net QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect

to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
8. QIB Bidders shall not be allowed to withdraw their bids after the closure of the Issue.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with our company.
2. Our Company, in consultation with the BRLM shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor's category.
3. The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations, 2009, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. In case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion, 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 proportion to their bids. 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 received at or above the Issue Price.
5. Under subscription, if any, in any categories would be allowed to be met with spill over from any of the other categories at the sole discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 2,50,000 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
6. Allocation to NRI's, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
7. QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the Bid Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.
9. Our Company in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs Bidding in the QIB Portion, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
10. The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- a. Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after finalization of the Issue Price and allocation(s) to the Bidders.
- b. After signing the Underwriting Agreement, our company will update and file the updated RHP with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.
- c. Our Company will file a copy of the prospectus with the RoC in terms of section 56, 60 and 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations, 2009 in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after filing the Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- b) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by the Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
- c) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.
- d) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

Designated Date and Allotment of Equity Shares

- a) Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

Basis of Allotment

1. 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 portion. The allotment to all the successful Retail individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Bidders and QIBs shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 35,00,000 Equity Shares aggregating to Rs [•] Lacs 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 35, 00,000 Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 120 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment, refer below.

2. 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 portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 15, 00,000 Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid bids.
- In case the aggregate demand in this category is greater than 15, 00,000 Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of 120 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

3. 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 QIBs 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.
- The allotment shall be undertaken in the following manner:
 - (a) In the first instance, allocation to mutual funds for 5% of the QIB portion shall be determined as follows:
 - i. In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis for 5% of the QIB portion.

- ii. In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
 - iii. Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
- (b) In the second instance, allotment to all QIBs shall be determined as follows:
- i. In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of equity shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- (c) The aggregate allotment to QIB Bidders shall be up to 50,00,000 Equity shares

Illustration of Allotment to QIBs and Mutual Fund ("MF")

A. Issue Details

Sr.No.	Particulars	Issue Details
1	Issue Size	200 Million Equity Shares
2	Allocation to QIB (50%)	100 Million Equity Shares
3	Anchor Investor Portion (If Any)	30 Million Equity Shares
4	Portion available to QIBs other than Anchor Investors [(2) - (3)]	70 Million Equity Shares
	Of Which:	
	a. Allocation to MF (5%)	3.50 Million Equity Shares
	b. Balance for all QIBs including MFs	66.50 Million Equity Shares
5	No of QIB applicants	10
6	No of Shares applied for	500 Million Equity Shares

B. Details of QIB Bids

Sr.No.	Type of QIB bidders*	No of Shares bid for (In Millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

Type of QIB bidders	Shares bid for	Allocation of 3.5 million equity shares to MF proportionately (please see note 2 below)	Allocation of balance 66.5 million equity shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	6.70	0
A2	20	0	2.68	0
A3	130	0	17.41	0
A4	50	0	6.70	0
A5	50	0	6.70	0
MF1	40	0.70	5.26	5.96
MF2	40	0.70	5.26	5.96
MF3	80	1.40	10.53	11.93
MF4	20	0.35	2.63	2.98
MF5	20	0.35	2.63	2.98
	500	3.50	66.50	29.81

Please Note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in "Issue Structure" beginning on page no 183.
2. Out of 70 million equity shares allocated to QIBs, 3.5 million (i.e. 5%) will be allocated on proportionate basis among five mutual fund applicants who applied for 200 million equity shares in QIB category.
3. The balance 66.50 million equity shares ((i.e. 70-3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).
4. The figures in the fourth column entitled "Allocation of balance 66.50 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5) = No of shares bid for (i.e. in column II) X 66.50/496.50.
 - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 66.50/496.50.
 - The numerator and denominator for arriving at allocation of 70 million shares to the 10 QIBs are reduced by 3.5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment

In the event of the issue being over-subscribed, the Company shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

- (a) Bidders will be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being 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 120 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of 120 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above;
- (e) If the proportionate allotment to a Bidder is a number that is more than 120 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 Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

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 de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar

1. An Agreement dated November 29, 2010 among NSDL, our Company and Registrar
2. An Agreement dated October 22, 2010 among CDSL, our Company and Registrar

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. 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.
2. 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.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. 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 of the Bidder(s).
5. 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.
6. 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.

7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. 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 Exchange(s).

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

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.”

Payment of Refund

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders bank account details, including the nine digit Magnetic Ink Character Recognition (—MICR||) code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue, the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. **NECS:** Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. **Direct Credit:** Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. **RTGS:** Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT:** Payment of refund shall be undertaken through NEFT wherever the applicant's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 10 working days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys and Interest In Case Of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 working days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 12 working days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 working days prescribed above.

Letters of Allotment or Refund Orders or Instructions to SCSBs

Our Company shall give credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 working days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 working days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid/Issue Closing Date.

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders/instruction to the SCSBs by the registrar

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 working days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centre's will be payable by the Bidders.

Undertaking by the Company

We undertake as follows:

1. That the complaints received in respect of this Issue shall be attended by our company expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange(s) where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date;
3. That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of closure of the Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
5. That the certificate of securities/refund orders to the Eligible NRIs shall be dispatched within specified time;
6. 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; and
7. That no further Issue of Equity Shares shall be made until the Equity Shares, Issued through this Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under subscription etc.
8. That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Utilisation of Issue Proceeds

Our Board of Directors certifies that:

- 1) 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;
- 2) Details of all monies utilized out of Issue referred to in sub-item (a) shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested;

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

CAPITAL

3. The Authorised Share Capital of the Company is Rs.25,00,00,000/- (Rs. Twenty Five Crores Only) divided into 2,47,50,000 (Two Crores Forty Seven Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten) each and 2,50,000 (Two Lacs Fifty Thousand) 10% Non Cumulative Redeemable preference shares of RS.10/- (Rupees Ten each) with such power from time to time, to increase or reduce its capital and to consolidate or subdivide these shares and to issue shares of higher or lower denomination.

4. Increase of Capital by the Company and how carried into effect.

The Company in general meeting may, by ordinary resolution, from time to time, increase the Capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges. Such shares may be issued with a preferential or qualified right to dividends. Whenever the Capital of the Company has been increased under the provisions of this Article the Director shall comply with the provisions of Section 97 of the Act.

5. New Capital same as existing Capital

Except in so far as otherwise provided by the conditions or issue or by these Articles and capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender transfer and transmission, voting and otherwise.

6. Issue of Preference Share Capital

The board of director shall issue preference share capital subject to provision of the act on the following terms & conditions:

- i. That the redemption shall be made within a period of 10 Years from the date of allotment.
- ii. That such redemption shall be at par.
- iii. That no such shares when due for redemption shall be redeemed except out of profit of
- iv. The company which would otherwise be available for dividend or out of the proceeds of fresh issue of the shares made for the purpose of redemption.
- v. No such shares shall be redeemed unless they are fully-paid-up.
- vi. That such share can be redeemed in one or more instalments.
- vii. That the other terms & conditions as to redemption shall be governed by the decision of
- viii. The Board of Directors of the Company.

7. Reduction Capital

The Company may (subject to the provisions of Section 78,80 and 100 to 105 both inclusive, and other applicable provisions if any, of the Act) from time to time, by a special resolution reduce its share or any Security premium account in any manner for the time being authorised by law and in particular pay off such capital on the footing that it may be called up again or otherwise.

8. Consolidation, division sub-division and cancellation of shares.

Subject to the provisions of Section 94 of the Act the Company in general meeting may from time to time by an ordinary resolution after the conditions of its Memorandum as follow :-

- a. Consolidate and divide all or any of its shares 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 fixed by so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid

on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived.

- c. Cancel any shares which, at the date of the passing of the resolution, 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. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clause (a), (b) and (c) the Company shall, within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act. Specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.

SHARES AND CERTIFICATES

9. Restriction on allotment and return of allotment

The Board of Directors shall observe the restriction as to allotment of shares to the public contained in Section 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

9A. Dematerialization of Securities

Definitions

- a. For the purpose of this Articles:

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository:

‘SEBI’ means the Securities & Exchange Board of India:

‘Depository’ means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under the Securities & Exchange Board of India Act, 1992: and

‘Security’ means such security as may be specified by SEBI from time to time.

Dematerialization of Securities

- b. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize securities and to offer securities in a Company in a dematerialized form pursuant to the Depositories Act, 1996.

Options for Investors

- c. Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities Depositories to be in fungible

- d. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owner

- e. (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or many other rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of Documents

- f. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.

Transfer of securities

- g. Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities Dealt with in a depository

- h. Notwithstanding anything in the Act or these Articles, where securities dealt with by a depository, the Company shall intimate the details there of the depository immediately on allotment of such securities.

Distinctive Number of Securities held in a depository

- i. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register And Index of beneficial Owners

- j. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

10. Shares at a discount

- 1. Where it is proposed to increase the subscribed capital of the Company by allotment of shares whether out of unissued share capital or out of increased share capital, than:
 - a. Such further shares shall be offered to the persons, who at the date of the offer are holders of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid-up, on those shares at that date;
 - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - c. The offer aforesaid shall be deemed to include a right exercisable by the persons concerned to renounce the share offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right;
 - d. After the expiry of the time specified in the aforesaid notice, or in 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 them of in such manner as they think most beneficial to the Company.

2. Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those person include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever :-
 - a. If a special resolution to that affect is passed by the Company in general meeting; or
 - b. Where no such special resolution is passed, if the vote 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 in that general meeting (including the casting vote in any, of the Chairman) by member who, being entitled so to do vote in person or where proxies are allowed, by proxy exceed the votes. if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of clause (1) hereof shall be deemed:
 - a. To extend the time within which the offer should be accepted: or
 - b. To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first has declined to take the shares comprised in the renunciation.
4. Nothing in these Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company.
 - a. to convert such debentures or loans into shares in the Company; or
 - b. 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 include a term providing for such option and such term:

- c. 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
 - d. in the case of debentures or loans other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of the debentures or the raising of the loans.
11. Shares under control of Directors.

Subject to the provisions of these Articles and of the Act, shares shall be under the control of the Director who may allot or otherwise dispose of the same to such person on such terms and conditions and at such times, as they think fit and with full power subject to the sanction of the Company in general meeting to give any person the option to call for or be allotted shares of the Company either at a premium or all part or at a discount subject to the provisions of Section 78 and 79 of the Act and such time and for such consideration as the Directors think fit.
 12. Application of premium received on shares
 1. Where the Company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "THE SECURITY PREMIUM ACCOUNT" and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this article, apply as if the Security premium account were paid up share capital of the Company.

2. The Security premium account may, notwithstanding anything in clause (1) hereof be applied by the Company :
 - a. in paying up unissued shares of the Company, to be issued to the members of the Company, as fully paid bonus shares
 - b. in writing of the preliminary expenses of the Company;
 - c. in writing off the expenses of or the commission paid or discount allowed, on any issue of shares or debentures of the Company; or.
 - d. in providing for the premium payable on the redemption of any redeemable preference share or of any debenture of the company.

13. Power also to Company in General Meeting to issue shares.

In addition to and without derogating from the powers for that purpose conferred on the Board under Article 10 and 11 and the Company in General Meeting may subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or any increased capital of the Company) be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (Subject to compliance with the provisions of Section 78 and 79 of the Act) as such general meeting shall determine and with full power to give any person (whether a member or not) the options to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount (subject to compliance with the provisions of Section 78 and 79 of the Act) such option being exercisable at such time and for such consideration as may be directed by such general meeting may make any other provisions whatsoever for the issue, allotment or disposal of any such shares.

14. The Company may issue if the discount shares in the Company of a class already issued and the following conditions are fulfilled, namely :

1. The issue of the Shares at a discount is authorised by a resolution passed by this Company in general meeting and sanctioned by the Authority Prescribed in Sec.' 79.
2. The resolution specifying the maximum rate of discount (not exceeding ten percent or such higher percentage as the Central Government may permit in any special case) at which the shares are to be issued; and
3. The shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned by the Prescribed Authority or within such extended time as the Prescribed authority may allow.

15. Installments on shares to be duly paid.

If by the conditions of any allotment of any shares the whole or any part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be registered holder of the shares or his legal representatives and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in the case of non-payment of interest and expenses forfeiture and the like and all the other relevant provisions of these Articles shall apply as if such installments were a call duly made and notified as hereby provided.

16. The Board may issue shares as fully paid-up

Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the capital of the Company as payment of any property sold or transferred or for service rendered to the company in the conduct of its business or in satisfaction of any outstanding debt or obligations of the company and any shares which may be so issued shall be deemed to be fully paid up shares.

17. Acceptance of shares

Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is therefore placed on the register shall for the purpose of these articles be member.

18. Deposit and call etc. to be debt payable

The money, if any, which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the register of members as the name of the holder of such shares, become a debt due to the recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

19. Liability of Members

Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts, at such time or times, and in such manner as the Board of Directors shall from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

20. Share Certificates

1. Every members or allottee of shares shall be entitled without payment to receive one certificate for all the shares of the same class registered in his name or if the board so approves on payment of such fee or fees at the discretion of the Board or without payment of fees as the Board may from time to time determine to several certificates each for one or more shares of each class. Every shares certificate shall specify the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such certificate shall be issued in conformity with the provisions of the Companies (issue of share certificates) Rule 1960 in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons or requisite value, save in cases where letters of allotment have not been issued or of issue against letter of acceptance or of renunciation or in cases of issue of bonus share PROVIDED THAT if the, letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it think fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. The certificates of title shall be issued under the Seal of the Company and shall be signed in conformity with the provisions of the Companies (Issues of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of share certificates and maintenance of books and documents relating to issue of Shares Certificates shall be completed and kept ready for delivery within three months after the application for the registration of the transfer of any such shares.
2. Any two or more joints allottees or holders of shares shall for the purposes of this article, be treated as a single member and the certificate of any share which may be the subject of joint ownership, may be delivered to the person whose name stands first in the Register of Members.

21. Renewal of Share Certificate

No Certificate of any share or shares shall be issued either in exchange for those which are defaced, torn or old, decrepit, worn out, or where the pages on the reserve for recording transfer have been duly utilised the certificates in lieu of which it is issued is surrendered to the Company.

PROVIDED THAT no fee shall be charged for issue of new certificates in replacement of those which are defaced torn or old decreption or worn out or where the pages on the reverse for recording transfer have been duly utilised.

22. New certificates shall not be granted under the provisions of the foregoing articles except upon delivery of the. Worm out or defaced or used up certificate for the purpose of cancellation, and upon proof of destruction or loss and upon such term, if any as to evidence and indemnity and the payment of out, of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification.

23. The first named of joint holders deemed sole holder

If any share stands in the name of two or more persons, the person first named in the Register shall, as regard receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holder of a share shall severally as well as jointly be liable for the payment of all installment and call due in respect of such shares and for all incidents thereof according to the Company's regulations.

24. Company not bound to recognise

1. Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any share, or unless otherwise provided in these articles any right in respect of a share other than an absolute right thereto, in the person from time to time registered as a holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint name of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

2. Save as in the Act or in these Articles otherwise 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 recognise any benami, trust 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 limited notice thereof. The provisions of Section 153 of the Act shall apply.

3. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a person of unsound mind or in the name of any firm or partnership.

25. Company shall buy its own share as prescribed in Sec. 77A of the Act subject to prohibition laid down in Sec. 77B of the Act.

UNDERWRITING AND BROKERAGE

26. Commission

Subject to the provisions of Section 76 of the Act, the Company may at any time pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company or his procuring or agreeing to procure subscriptions but so that the commission shall not exceed in the case of share five percent of the price at which the share are issued and in the case of debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly in one way and partly in one way and partly in the other.

27. Brokerage

The Company may on any issue of shares or debentures pay such brokerage as may be lawful and reasonable.

28. Commission to be included in the Annual Return

Where the Company has paid any sum by way of commission in respect of any shares and debentures or allowed any sums by way of discount in respect of any shares and debentures such statement thereof shall be made in the Annual Return as required by part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

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 buildings, or the provisions of any plant which cannot be made profitable for lengthy period the Company may pay interest on such 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 Capital as part of the cost of construction of the work or building of the plant.

DEBENTURES

30. Debentures with voting rights not to be issued.

1. 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.
2. The Company shall have power to reissue redeemed debentures in certain in accordance with Section 121 of the Act.
3. Payments of certain debts out of asset subject of floating charge in priority to claims under the charge may be in accordance with the provisions of Section 123 of the Act.
4. Certain charges referred to in Section 125 of the Act, shall be void against the Liquidator or creditors unless registered as provided in that Section 125.
5. 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.
6. Unless conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment 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 stock have complete any have ready for delivery the certificate of all debenture - stock allotted or transferred.
7. The Company shall comply with the provisions of Section 118 of the Act as regard supply of copies of Debenture Trust Deed and inspection thereof.
8. The Company shall comply with the provisions of Section 124 to 145 of the Act as regard registration of charges.

CALLS

31. Directors may make calls

Subject to the provisions of Section 91 of the Act the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it think fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of the shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to a person or persons others than the Company at the time or times and places appointed by the Board or creditors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

32. Notice of Calls

Not less than fourteen days notice in Writing of any call shall be given by the Company specifying the time and place of payment, and the person and persons whom such call shall be paid.

33. Call to date from resolution

A call shall be deemed to have been made at the time when resolution authorizing such call was passed at meeting of the Board of Directors and may be made payable by the Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

34. Directors may extend time

The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time to all or any of the members the Board of Directors may deem fairly entitled to such extension, but no members shall be entitled to such extension as of right except as a matter of grace and favor.

35. Amount payable at fixed time or by installment to be treated a calls.

If by the term of issue of any share or otherwise any amount is made payable at the fixed time or by installments at fixed time (whether on active of the nominal value of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls apply to such amount or installment accordingly.

36. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof till the time of actual payment but the Directors may waive payment of such interest wholly or in part.

37. Evidence in actions by Company against shareholders

On the trial or hearing of any such action or suit brought by the Company against any member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recorded in the minute book and that the notice of such call was duly given to the member or his legal representatives used in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, not that a quorum of Directors was present at the Board at which any call was made not that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matter aforesaid shall be conclusive evidence of the debt.

38. Payment in anticipation of calls may carry interest

The Board of Directors may, if it think fit agree to and receive from any member willing to advance the same, all or and part of the amount due upon, the shares held by him beyond the sums actually called for and upon the money so paid up in advance or so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of its shares on account of which such advances are made, the Board of Directors may pay or allow interest, at such rate not exceeding, unless the Company in general meeting shall otherwise direct, Six percent per annum as the member paying the sum in advance and the Board of Directors agree upon the Board of Directors may agree to repay at any time any amount so advanced or any at any

time repay the same upon giving to such members three months notice in writing. Money so paid in advance of the amount of call shall not confer a right to participate in profit or dividend.

No member paying any sum in advance shall be entitled to voting right in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

LIEN

39. Company to have lien of shares

The Company shall have first and paramount lien upon all shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares, PROVIDED THAT the Board of Director may, at any time declare any share to be wholly or in part exempt from the provisions of this article.

40. as to enforcing lien by sale

1. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made
 - a. unless a sum in respect of which the lien exists is presently payable; or
 - b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency. To give effect to any such sale, the Board may authorize a person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer.
2. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be effected by any irregularity or invalidity in the proceeding in reference to the sale.

41. Application of proceeds of sale

1. The net proceeds of any such sale shall be received by the company and applied in r towards satisfaction of such part of the amount in respect of which the line exists as is presently payable, and
2. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to the person entitled to the shares at the dates of the sale.

FORFEITURE OF SHARES

42. If money payable on share not paid notice to be given.

If any member fails to pay the whole or any part of any call or any installment of a call or before the day appointed for the payment of the same or any extension thereof, the Board of Directors may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

43. If money payable on share not paid notice to be given

For the purposes or the provisions of these Articles relating to forfeiture of shares, the sum payable upon allotment in respect of a share shall be deemed to be call payable upon share on the day of Allotment.

44. Form of notice

The notice shall name a day (not being earlier than the expiry of fourteen days from the date of the service of the notice) and place or place on and at which such call or installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

45. In default of payment shares to be forfeited

If the requirement of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect.

46. Notice of forfeiture to member

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

47. Forfeited shares to be the property of the Company and may be sold etc.

Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

48. Member still liable to pay money owing at the time of forfeiture and interest

Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all call installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

49. Effect of forfeiture

The forfeiture of a share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demands against the company in respect of the share and all other rights incidental thereto.

50. Power to annual forfeiture

The Board of Directors may at any time before any shares so forfeited shall have been sold; re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

51. Declaration of forfeiture

1. A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that a share in the Company has been duly forfeited accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

2. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
 3. The person to whom such share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the share
 4. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment not shall be entitled (unless by express agreement) to any of the dividends interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment.
 5. Such purchaser or allottee not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by the irregularity or invalidity in the proceedings in reference in the forfeiture, sale, re-allotment or other disposal of the share.
52. Provisions of these articles as to forfeiture to apply in case of non-payment of any sum.

The provisions of these Articles as to the forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

53. Upon sale, re-allotment or other disposal under the provisions of these articles, the certificate or certificates originally issued in respect of the forfeited shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member stand canceled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto
54. Surrender of Shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or for any member desirous of surrendering on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

55. No transfer to minor etc.

The Board shall not issue or register a transfer of any share to a minor (except in case where they are fully paid) or insolvent or person of unsound mind.

56. Form of transfer

The instrument of transfer of any share shall be in the prescribed form under the Companies Central Government General Rules & Form, 1956 and in accordance with the requirement of Section 108 of the Act.

57. Application for transfer

1. An application for registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.
2. Where the application is made by the transferor and relates to partly paid share, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
3. For the purposes of clause (2) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the

instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course or post.

58. Execution of transfer

The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of members in respect thereof.

59. Transfer by legal representatives

A transfer of share in the Company of a deceased member thereof made by his legal representative shall although legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer

60. Register of members etc when closed

The Board of Director shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated in close the Register of Members and/or the Register of Debenture Holder 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 as it may seem expedient to the Board.

61. Directors may refuse to register transfer

Subject to the provision of Section 111 of the Act, and Section 22 A of the Securities Contracts Regulation Act, 1956, or any statutory modification thereof for the time being in force, the Director may at any time in their own absolute and uncontrolled discretion and without assigning any reasons or grounds decline to register or acknowledge any transfer of any share and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any call or installment regarding any of them remain unpaid or unless the transferee is not approved by the Director and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of transfer shall be conclusive evidence of the approval of the Director of the transferee.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

62. Notice of refusal to be given to Transferor and Transferee

If the Company refuse to register the transfer of any shares or transmission of any right therein, the Company shall, within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and the transferor or to the person giving the intimation of the transmission, as the case may be, and thereupon the provisions, as the 111 of the Act and Section 22 A of the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof for the time being in force shall apply.

63. Death of one or more joint holders of shares

In case of the death of any one or more of the person named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person.

64. Titles of shares deceased member.

The executors or administrators of a deceased member or holders of a Succession Certificates or the legal representatives in respect of the shares of a deceased member (not being one or two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such members, and the Company shall not be bound to recognise such executor or administrators or holders of a succession Certificates or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or Letters of Administration or Succession Certificates as the case may be, from a duly constituted Court in the Union of India.

PROVIDED THAT in any case where the Board in its absolute discretion thinks fit, it may dispense with the production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Articles 65 register the name of any person who claims to be absolutely entitled in the shares standing in the name of a deceased member, as a member.

65. Registration of persons entitled to shares otherwise than by transfer (Transmission Clause) Subject to the provisions of Articles 63 any person, becoming entitled to any share (not being the shares held by any employee of the Company) in consequence of death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board of Directors (Which consent the Board of Directors shall not be under an obligation to give) upon producing such evidence that the sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require, either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board of Director registered as a member in respect of such shares PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE".

66. Refusal of register nominee

Subject to the provision of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

67. Person entitled may receive dividend without being registered a member.

A person entitled to a share by transmission shall subject to the right of the Director to retain such dividends or moneys as is hereinafter provided be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

68. No fees on transfer or transmission

No fee shall be charged for registration of transfer, Probate, Succession Certificate and Letters of Administration, Certificates of Death or Marriage, Power of Attorney or similar other documents.

69. Transfer to be presented with evidence of title

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such regulations as the Board may, from time to time stipulate and every registered instruments of transfer shall remain in the custody of the Company until destroyed by order of the Board

70. The Company not liable for disregard of a notice prohibiting registration of a transfer

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board of Director shall so think fit.

71. Transfer of Shares/Debentures in whatever lot should not be refused. However, there would be no objection to the company refusing to split a Share/Debenture Certificate into several scripts of very small denomination or to consider a proposal for transfer of Shares/Debentures comprised in a Share/Debenture Certificates to several parties involving such splitting. If on the face of such splitting/transfer appears to be unreasonable of without a genuine need or a marketable lot. Except as above, the company should not refuse transfer of share/Debentures in violation of the Stock Exchange listing requirements on the ground that the number of Shares/Debentures to be transferred is less than any specified number.

72. The Company agrees not be make any change:

- a. For registration to transfer of Shares and Debentures.
- b. For sub-division and/or consolidation of Share and/or debenture certificates and for sub-division of letters of allotments and splits, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading.
- c. For sub-division of renounceable letters of Right.
- d. For issue of new certificates in replacement of those which are old, decrepit, worn out or where the cages on reserve for recording transfers have been fully utilised.
- e. For registration of any Power of Attorney, Probate, Letters of Administration or similar other documents.

73. The Company agrees not to charges any fees exceeding those which may be agreed upon with the Stock Exchange.

- a. For issue of new certificates in replacement of those that are torn, defaced lost or destroyed.
- b. For sub-division and consolidation of shares and debentures certificates and for sub-division of letters of allotment, split consolidation, renewal or pucca receipts into denominations other than those fixed for the market units of trading.

SHARE WARRANT

74. Power to issue Share warrant

The Company may issue share warrants subject to and in accordance with the provisions of Section 114 and 115 and accordingly the Board may in its discretion, With respect to any share which is fully paid, upon application in writing signed by the person registered as holder of the share, and the authenticated by such evidence (if any) as the Board may from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time required, issue a share warrant.

75. Deposit of share warrant

1. The bearer of a share may, at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of sinning a requisition for calling a meeting of the Company, of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit as if his name were inserted in the Register of Members as the holder of the share include in the deposited warrant.
2. Not more than one person shall be recognised as deposition of the share warrant.
3. The Company shall, on two days written notices, return the deposited share warrant to the depositor.

76. Privileges and disability of the holders of share warrant

1. Subject as herein otherwise expressly provided no person shall, as bearer of a share warrant sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
2. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be a member of the Company.

77. Issue a new warrant or coupon

The Board may, from time to time, make a bye-laws as to the terms on which (if it shall think fit a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

78. Share may be converted into stock

The Company may, by Ordinary Resolution.

1. convert any paid up share into stock, and
2. Reconvert any stock into paid up shares of any denomination.

79. Transfer of stock

The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the shares from which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

80. Rights of stock holders

The holders of stock shall, according to the amount of stock held by them, have the same right privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privileges or advantage (except participation in the dividends and profit of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

81. Regulations applicable to stock and share warrant

Such of the regulation of the company as are applicable to paid up shares shall apply to stock and the word "Share" and "Shareholder" in these regulations shall include "Stock and Stock-holder" respectively.

BORROWING POWERS

82. Power to Borrow

Subject to Section 292 and 293 (1) (d) of the Act, the Director may from time to time, to their discretion raise or borrow, or secure the repayment of any sum or sums of money for the purpose of the Company at such times and in such manner and upon such terms and conditions in all respects as they think fit and in particulars, by promissory note or by opening current accounts, or by receiving deposits and advances, with or without security, or by the issue of bonds, perpetual or redeemable debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital, for the time being, or be mortgaging or charging or pledging and lands, buildings, goods or other property and securities of the Company or by such other means as may seem expedient to them.

83. Such debentures, debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
84. Any such debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawing, allotment of shares, attending the General Meeting of the Company, appointment of Directors and otherwise, Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.
85. The Directors shall cause proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company; and shall duly comply with the requirement of the Act in regard to the registration of mortgages and charges therein specified and otherwise.
86. If any uncalled capital of the Company is included in or charged by any mortgages or other security the Director may, by instrument under the Company's Seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him, to make calls on the members in respect of such uncalled capital and the provision herein before contained in regard to calls shall, mutatis mutandis, apply to made exercisable either conditionally, or unconditionally and either presently or contingently and either to the exclusion of the Directors powers or otherwise and shall be assignable if expressed so to do.
87. Where any uncalled capital of the Company is charged all person taking subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled, by notice to the shareholders or otherwise, to obtain priority over such prior charge.
88. 1. If the Directors or any of them, or any other persons, shall become personally liable for the payment of any sum primarily, due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
2. If the moneys borrowed by the Company in accordance with clauses 78 to 84 supra, have been guaranteed in their personal capacity by the Directors or any of them or by any other person, firm or body corporate, each such guarantor/s may be paid a commission not exceeding 1 (one) percent per annum of the maximum limits borrowals guaranteed by them.

MEETING OF MEMBERS

89. Annual General Meeting and the persons entitled to attend

2. The Company shall in each year hold, in addition to any other meeting, a general meeting as its Annual General Meeting in accordance with the provisions of Section 166 and 210 of the Act shall specify the meeting as such in the notice calling it, except in the case where the Registrar has given an extension of time for holding any Annual General Meeting not more than fifteen month shall elapse between the date of one Annual General Meeting of the Company and that of the next.

PROVIDED THAT if the Registrar shall have for special reason, extended the time within which any annual general meeting shall be held such annual general meeting may be held within the extended time.

3. Every Annual General Meeting shall be called for at any time during business hours, on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.
 4. Every member of the Company shall be entitled to attend either a person or by the proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concern him as auditors.
90. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and Audited Statement of account, Auditors Report (if not already incorporated in the Audited Statement of Accounts), the proxy register with proxies and the Register of Directors Share holdings which latter Register shall remain open and accessible during the continuance of the meeting.
 91. All General Meeting other than Annual General Meeting shall be called Extraordinary General Meeting.
 92. 1. Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as is hereinafter specified and (unless the Annual General Meeting otherwise resolves) at the expenses of the requisitionists:
 - a. Give to the members of the Company entitled to receive a notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.
 - b. circulate to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
 2. The number of members necessary for a requisition under clause (1) hereof shall be :
 - a. such number of members as represent not less than one twentieth of the total voting power of all the members having at the date of the requisition a right to vote on the resolution or business to which the requisition relates; or
 - b. not less than one hundred members having the right aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lac in all.
 3. Notice of any such resolution shall be given, and any such statement shall be circulated, to members of the Company entitled to have notice of the meeting sent to them, by serving a copy of the resolution of statement on each member in any manner permitted by the Act for service of notice of the meeting, and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served or notice of the general effect of the resolution be given, as the case may be in the same time manner and so far as practicable at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

4. The Company shall not be bound under this article to give notice of any resolution or to circulate any statement unless :
 1. a copy of the requisition signed by the requisitionists (or two or more copies which, between them, contain the signature of all the requisitionists) is deposited at the registered officer of the Company.
 - a. in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting, and
 - b. in the case of any other requisition not less than two weeks before the meeting, and
 2. There is deposited or rendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

PROVIDED THAT IF, after a copy of the requisition requiring notice of resolution has been deposited at the registered office of the Company, and an annual general meeting is called for a date six weeks or less after such copy has been deposited the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purpose thereof.

5. The Company shall not be bound under this article to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.
6. Notwithstanding anything in these Articles contained, the business which may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this article and for the purpose of this clause notice shall be deemed to have been so given notwithstanding the accidental omission in giving it to one or more members.

93. Extraordinary General Meeting by Board and by requisition

1. The Directors may, whenever they think fit, convene an extraordinary general meeting and they shall on requisition of the members, as hereinafter provided, forthwith proceed to convene Extraordinary General Meeting of the Company.
2. If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors prescribed by these Articles and the continuing Directors fails or neglect to increase the number of Directors to that number or to convene a general meeting, any Director or any two or more members of the Company holding not less than one-tenth of the total paid up share capital of the company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the Directors.

94. Contents if requisition and number of requisitionists required and the conduct of meeting.

In case of requisition the following provisions shall have effect:

1. The requisition shall set out the matters for the consideration of which the meeting is to be called and shall be signed by the requisitionists and shall be deposited at the registered office of the Company.
2. The requisition may consist of several documents in like form, each signed by one or more requisitionists.
3. The number of members entitled to requisition a meeting in regard to any matter shall be each number as held at the date of the deposit of the requisition, not less than that one-tenth of such of the paid up share capital of the Company as at the date carries the right of voting in regard to that matter.

4. Where two or more distinct matters are specified in the requisition, the provision of sub-clause (3) shall apply separately in regard to each such matter, and the requisition shall accordingly be valid in respect of those matters in regard to which the conditions specified in that clause are fulfilled.
5. In the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matters on a day not latter than forty five days from the date of the deposit of the requisition, the meeting may be called :
 - a. by requisitionists themselves, or (b) 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 the paid-up share capital of the Company as is referred to in sub-clause (3) whichever is less, PROVIDED THAT for the purpose of this sub-clause the Board shall, in the case of a meeting at which a 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 (2) of Section 189 of the Act.
6. A meeting called under clause (5) by requisitionists or any of them:-
 - a. shall be called in the same manner, as nearly as possible, as that in which meeting are to be called by the Board, but
 - b. Shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three month aforesaid, from the adjourning to some day after the expiry of that period.
7. Where two or more persons hold any shares in the Company jointly, a requisition or a notice calling a meeting, signed by one or some only of them shall, for the purpose of this article, have the same force and effect as it if had been signed by all of them.
8. 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 unpaid shall be retrained 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 their services to such of the Directors as were in default.

95. Contents and manner of service of notice

1. A general meeting of the Company may be called by giving not less than twenty-one days notice in writing.
2. A general meeting may be called after giving shorter notice than that specified in sub-clause (1) hereof if consent is accorded thereto:
 - a. in the case of an annual general meeting by all the members entitled to vote thereat; and
 - b. in the case of any other meeting, by members of the Company holding not less than ninety five percent of such part of the paid up share 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 a meeting and not on the others, those members shall be taken into account for the purposes of this sub-clause in respect of the former resolution or resolutions and not in respect of the latter.

96. 1. Every notice of a General 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.
2. Subject to the provisions of the Act notice of every general meeting shall be given:

- a. to every member of the Company in the manner authorised by sub-clause 1 to 4 of section 53 of the Act;
- b. to the persons entitled to a share as consequence of the death or insolvency of a member by sending it through the post in a pre-paid letter addressed to them by name, or by the title of representative of the deceased or assignee of the insolvent, or by, 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 had 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; and
- c. to the Auditors or Auditor for the time being of the Company, in any manner authorised by Section 53 of the Act in the case of any member and members of the Company.

PROVIDED THAT where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood 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.

- 3. Every notice convening a meeting of the company shall state with reasonable prominence that a member entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member of the Company.
97. 1. a. 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:
- i. the consideration of the accounts, balance sheet and report of the Board of Directors and Auditors ;
 - ii. the declaration of dividend ;
 - iii. the appointment of Directors in the place of those retiring; and
 - iv. the appointment of and the fixing of the remuneration, of the auditors and
- b. In the case of any other meeting, all business shall be deemed special.

- 2. Where any items of business to be transacted at the meeting of the Company 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 such item of business including in particular the nature of the concern or interest if any, therein of every Director.

PROVIDED THAT where any such item of special business at the meeting of the company, relates to, or affects, any other Company, the extent of share holding interest in that other Company of every Director of the Company shall also be set out in the statement, if the extent of such share holding interest is not less than twenty percent of the paid up share capital of that company.

- 3. Where any item of business consists of the according of approval of any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

98. Omission to give notice to invalid proceedings

The accidental omission to give any such notice as aforesaid to, or the non-receipt thereof by, any member or other person to whom it should be given shall not invalidate the proceedings of any such meeting.

99. Notice of business to be given

No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

100. Quorum

Five members entitled to vote and present in person shall be quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187 A of the Act.

101. If quorum not present when meeting to be dissolved and when to be adjourned

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 by or upon the requisition of members, shall stand dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday unit the next succeeding day which is not a public holiday, at the same time and place, or to such other time and place as the Board may determine. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the member present shall be a quorum and may transact the business for which the meeting was called.

102. Resolution passed at adjourned meeting

Where a resolution is passed at an adjourned meeting of the Company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

103. Chairman of general meeting

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, or if there be not such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or shall decline to take the chair, the Vice-Chairman of the Board of Directors, if any, shall be entitled to take the Chair. If the Vice-Chairman is also not present at the time as aforesaid or is unwilling to take the chair, the Directors present shall elect one of them as the Chairman and if no Director be present or if the Directors present decline to take the Chair, then the members personally present shall elect one of the members to be the Chairman of the meeting. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provision of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of the poll is shall be the Chairman for the rest of the meetings.

104. Business confined to election of Chairman whilst chair vacant

No business shall be discussed at any general meeting except the election of a Chairman whilst the chair is vacant.

105. Chairman may adjourn meeting

1. The Chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place within the city, town or village in which the Registered Office of the Company is situated.
2. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
3. When a meeting is adjourned for thirty days or more notice of the adjournment meeting shall be given as in the case of an original meeting.

4. Save as aforesaid it shall not be necessary to give any notice an adjournment of or of the business to be transacted at any adjourned meeting.

106. How question to be decided at meetings

Every question submitted to a general meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.

107. Chairman's declaration of result of voting on show of hands

A declaration by the chairman of the meeting that on a show of hands, resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceeding of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.

108. Demand for poll

1. Before or on the declaration of the result of the voting on any resolution on 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 the person or persons specified below, that is to say:
 - a. by at least five members having the right to vote on the resolution and present in person or by proxy, or
 - b. by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution, or
 - c. by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares on which aggregates sum has been paid up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right.
2. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

109. Time of taking poll

A poll demanded on any question of adjourn-adjournment shall be taken forthwith. A poll demanded on any other question (not being a question relating to the election of a Chairman) shall be taken at such time when the demand was made and in such manner and at such place as the Chairman of the meeting may direct and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

110. Chairman's casting vote

In the case of equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

111. Scrutineers at poll

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove scrutineers from office and fill vacancies in the office of the scrutineers arising from such removal or from any other cause.

112. Demand for poll not to prevent transaction of other business

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

113. Special notice

Where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move the resolution shall be given to the company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it give its members notice of the resolution in the same manner as it has given notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or any other mode allowed by these Articles, not less than seven days before the meeting.

VOTES OF MEMBERS

114. Member paying money in advance to be entitled to vote in respect thereof.

A member paying the whole or a part of the amount remaining unpaid on any shares held by him although no part that amount has been called up, shall not be entitled by any voting rights in respect of the moneys so paid by him until the sum would but for such payment becomes presently payable.

115. Restriction on exercise of voting rights of members who have not paid

No member shall exercise any voting right in respect of any shares registered in this name on which any calls or other sums presently payable by him have not been paid, or in regard to which the company has exercised any right of lien.

116. Number of votes to which entitled

Subject to the provisions of Articles 112 every member of the Corporation, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and no poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share in the paid-up equity share capital of the Company. A member is not prohibited for exercising his voting rights on the ground that he had not held his shares or interest in the Company for any specified period preceding the date on which he vote is taken.

117. Votes of members of unsound mind

A member of unsound mind or in respect of whom order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll vote by proxy.

118. Votes of joint members

If there be joint registered holder of any shares, any of such person may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have right to speak at the meeting, and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that any one of the said persons so present who stands higher on that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holder shall be entitled to be present at any meeting, provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy

although the name of such person present by agent or proxy stands first or higher in the Register in respect of such shares.

Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these articles be deemed joint holders thereof.

118A. The voting rights of the holders of the preference shares including the redeemable cumulative preference share shall be in accordance with the provisions of Section 87 of the Act.

119. Representation of body corporate

1. A body corporate (whether a company within meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures), authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body to act as its representative at any meeting of the Company or any class of members of the Company or at a meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debenture of the Company. The production of a copy of the resolution referred to above, certified by a Director or the secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.
2. Where the president of India or the Governor of the State is a member of the Company, the President or, as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the president, or as the case may be, the Governor could exercise as a member of the Company.

120. Votes in respect of deceased or insolvent members

Any person entitled under the Transmission Clause to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was a registered holder of such shares provided that at least 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 transmission of such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

121. Voting in person by proxy

Subject to the provisions of these Articles, a vote may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

122. Rights of members to vote differently

On a poll taken at a meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast them in the same way as all the votes he uses.

123. Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

124. Proxy either for specified meeting or for a period

An instrument of proxy may appoint either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

125. No proxy to vote on a show of hands

No proxy shall be entitled to vote on a show of hands.

126. The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the registered office of the Company forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

127. Form of proxy

Every instrument of proxy whether for a specified meeting otherwise shall, as nearly as circumstance will admit, be in any of the forms set out in Schedule IX to the Act, and 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 any officer or attorney duly authorised by it.

128. Validity of votes given by proxy notwithstanding revocation of authority.

A vote given in accordance with the terms of instruments of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which the proxy is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.

129. Time for objection to vote

No objection shall be made to the qualification of any voter or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting.

130. Chairman of any meeting to be the judge of validity of any vote

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be sole judge of validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

131. Custody of instrument

If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

132. Until otherwise decided by a general meeting of the Company and subject to the provision of section 252 of the Act the Number of Directors shall not be less than 3 and not more than 12.

133. First Directors

The following persons shall be the first Directors of the Company:

1. RAVI VASWANI
2. PRAMOD VASWANI
3. SUDHA VASWANI

134. The Directors may elect one of their body to the office of the Chairman of the Board of Directors and determine the period for which he is to hold office.

135. Limit of number of retiring Directors

Not less than 2/3 rd of the total number of Directors for the time being shall be those whose period of office is liable for determination to retirement by rotation; and their appointment shall, save as otherwise expressly provided in these presents, be by the Company in General Meeting.

136. Appointments of Alternate Director

The Board may appoint an alternate Director to act for a Director (hereinafter in this Article called "the original Director") to act for him during his absence for a period of not less than three months from the State in which meetings of the Board are originally held. Every such alternate Director shall be subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meeting of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meetings to have and exercise all the powers and duties and authorities of the original Director. The Alternate Director is appointed under this Articles shall vacate office as and when the original Director returns to the State of Madhya Pradesh. If the term of office of the original Director is determined before he returns to the State aforesaid any provision in the Act or in these Articles for automatic re-appointment of retiring Director in default of another appointment shall apply to the original Director and not the Alternate Director.

137. Directors may fill vacancies

The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office.

138. Additional Directors

The Directors shall also have power at any time and from time to time to appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only up to the date of the next annual general meeting but shall be eligible for election at such meeting.

139. Nominee Director

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Corporation of India Limited (IRCI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NCL), The Original fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United Insurance Company Limited (UI) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or a State Government by themselves (each of the above is hereinafter in this Articles referred to as "the corporation") out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/shares in the Company as a result of

underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation Such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or purposes to constitute any management committee or other committee (s), it shall if so required by the Corporation include the Nominee Director as a member of such management committee or other committee/s subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold office debentures/shares in the company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said powers shall vacate such office immediately on the monies owing by the Company to the Corporation are paid of or on Corporation ceasing to hold debenture/s shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, board meetings and the meetings of the committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notice and minutes.

The Nominee Director/s shall be entitled to the same sitting fees, commission, remuneration and expenses as are applicable to the other Directors of the Company. The Company shall pay the sitting fees and other expenses to the Nominee Director/s directly but the Commission, remuneration or other monies and fees to which the Nominee Directors is entitled shall accrue due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the company directly to the Corporation.

Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.

Provided also that in the event of Nominee Director/s being appointed as the whole-time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

140. Debenture Directors

Any Trust Deed for securing debentures or debenture stock may, if so arranged provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture stock from time to time to remove any director so appointed. A Director appointed under the Article is herein referred to as a "Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. A debenture director 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 provisions herein contained.

141. Notwithstanding anything contained in these Articles, a Director may be appointed as a permanent Director and Chairman of the Company and he or any person so authorised by him in writing shall have the power to nominate any person or persons of his choice as Director/s of the Company. So however that the number of his nominee directors, including the Directors if any, appointed pursuant to whereof, shall not exceed one third of the total number of Directors holding Office for the time being. Such nominated Directors shall not be liable to retire by rotation, so however that the Permanent Director shall also have the power to remove such Directors nominated by him and to replace them as also to fill in any casual vacancy caused in the office of any such Director/s.

142. Qualification of Directors

A Director need not hold any qualification shares.

143. Rights of Directors

Except as otherwise provided by these Articles all Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligation and duties in respect of the affairs of the Company.

144. Remuneration of Directors

1. 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 as a specified percentage of the net profits of the Company or partly by one way and partly by the other.
2. Subject to the provision of the Act, a Director, who is neither in the whole-time employment not 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 omission if the Company by a Special resolution has authorised payment.
3. The fee payable to a Director (other than a Managing or whole-time Director, if any) for attending each meeting of the Board of Committee thereof shall be an amount not exceeding Rs.5000/- or such other sum as may be prescribed under the Companies Act read with the relevant Rules thereof from the time to time.

145. Extra remuneration to Directors for special work

Subject to the provisions of Section 198,309,310,311 and 314 of the Act, if any Director being willing, shall be called upon to perform extra service (which expression shall include work done by a Director as a member of any committee formed by the Director or in relations to signing Share Certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company the company shall remunerates the Director so doing either by a fixed sum or otherwise as may be determined by the Directors, and such remuneration may be, either in addition to or in substitution for his share in the remuneration above provided.

146. Travelling expenses incurred by Directors on Company's business

The Board of Directors may, subject to the limitations provided by the Act, allow and pay to any Director who attend a meeting of the Board of Directors or any Committee thereof or a general meeting of the Company or travels in connection with the business of the Company at a place other than his usual place of residence such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

147. Director may act notwithstanding vacancy

The continuing Directors or Director may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company, but for no other purpose.

148. Board resolution necessary for certain contracts

1. Except with the consent of the Board of Directors of the Company, a Director of the Company, or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.
 - a. For the sale, purchase or supply of goods, material or services; or
 - b. For underwriting the subscription of any shares in or debentures of the Company.
2. Nothing contained in clause "a" of sub-clause (1) shall affect:
 - a. the purpose of goods and material from the Company, or the sale of goods and materials to the Company, by any Director relative, firm partner or private Company as aforesaid for cash at prevailing market price; or
 - b. any contract or contracts between the Company on one side and any such Director, relative, firm partner or private Company on the other for sale, purchase or supply of any goods material and service in which either the Company or the Director, relative, firm, partner or private Company as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which or services the cost of which exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.
3. Notwithstanding anything contained in sub-clause (1) and (2) hereof, a Director, relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such service exceeds rupees five thousand in the aggregate in any year comprised in the period of the Contract, but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contracts was entered into.
4. Every consent of the Board required under sub-clause (1) of this Articles shall be accorded by a resolution passed at a meeting of the Board and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

149. The provisions of section 302 of the Act shall be complied with when the Company :-

1. enters into a contract for the appointment of a Managing Director or whole-time Director in which contract any Director of the Company is in any way whether directly or indirectly concerned or interested; or
2. Varies any such contract already in existence and in which a Director is concerned or interested as aforesaid.

150. Disqualification of Directors

A person shall not be capable of being appointed Director of the Company, if:

1. He has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
2. He is undischarged insolvent;
3. He has applied to be adjudged an insolvent and his application is pending;
4. he has been convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and the period of five years has not elapsed from the date of expiry of the sentence ;
5. he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or
6. An ordered disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

151. Vacation of office of Directors

1. The office of the Director shall become vacant if:
 - a. he is found to be unsound mind by a court of competent jurisdiction; or
 - b. he applied to be adjudicated or insolvent; or
 - c. he is adjudged an insolvent; or
 - d. 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; or
 - e. he fails to pay any call in respect of shares of 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 has by a Notification in the Official Gazette removed the disqualification incurred by such failure; or
 - f. he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
 - g. he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director accepts a loan or any guarantee or security, for a loan from the Company in contravention of Section 295 of the Act; or
 - h. he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
 - i. he becomes disqualified by an order of the Court under Section 203 of the Act; or
 - j. he is removed by an ordinary resolution of the Company before the expiry of his period of office in accordance with the provisions contained in Section 284 of the Act; or
 - k. if by notice in writing to the company, he resign his office; or
 - l. Having been appointment 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.

2. Notwithstanding anything contained in sub-clause (1) hereof the disqualification referred to in those clauses shall not take effect :-
 - a. for thirty days from the date of adjudication sentence or order;
 - b. 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 of; or
 - c. 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 is allowed would result in the removal of the disqualification until such further appeal or petition is disposed of.
3.
 - a. The Company may (subject to the provision of Section 284 and other applicable provisions of the Act and these articles) by ordinary resolution remove any Director (not being 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 these Articles and Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other persons 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 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 Articles and the Directors concerned makes with respect thereto representations in writings to the Company (not exceeding a reasonable length) and request their notification to members of the Company, the Company shall, unless the representations are received by it too late for its to do so - (a) in the notice of the resolution given to members of the company State the fact of the representation having been made, and (b) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after the receipt of representation by the Company) and if a copy of the representation 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 representation shall be read out at the meeting Provided that copies of the representation need not be sent or read out at the meeting if on the application either of the Company or of any other person whom claims to be aggrieved, the Court is satisfied that the right conferred by this sub-clause are being abused to secure needless publicity for defamatory matter;
 - e. A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 134 or 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 sub-clause (3) (b) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he has 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 are applicable of Articles 134 or Section 262 of the Act, and all the provisions of that Article and Section shall apply accordingly.
 - g. A Director who was removed from office under this Article shall not be reappointed as a Director by the Board of Directors.
 - h. Nothing contained in this Article shall be taken:

- i. as depriving a person removed hereunder 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.

152. Disclosure of interest by Director

1. Every Director of the Company who is in any way whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or be entered into, by or on behalf of the Company; shall disclose the nature of his concern or interest at a meeting of the Board of Directors in the manner provided in Section 299(2) of the Act.
2.
 - a. In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under Sub-clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting concerned or interested in the proposed contract arrangement, at the first meeting of the Board held after he be so concerned or interested;
 - b. In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
3.
 - a. For the purpose of sub-clause (1) and (2) a general notice given to the Board by a Director, to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made;
 - b. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would otherwise expire;
 - c. No such general notice, and no renewal thereof, shall be effect unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given;
 - d. Nothing in this Articles shall apply to any contract or arrangement entered into or to be entered into between the Company and any other Company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in the other company.

ROTATION & APPOINTMENT OF DIRECTORS

153. Directors may be Directors of Companies promoted by the Company

If a Director of the Company is a Director of any Company promoted by the Company or in which it may become interested as a vendor, shareholder, or otherwise such Director shall not be accountable for any benefits received as Director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

154. Rotation of Directors

Not less than two-third of the total number of Director shall (a) be person whose period of the office is liable to determination by retirement of directors by rotation and (b) save as otherwise expenses provided in these Articles by appointed by the Company in general meeting.

155. Retirement of Directors

Subject to the provisions of Section 256 of the Act and Articles 129,130 to 133 at every annual general meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three the nearest number to One-third shall retire from offices. Subject to the provisions of Articles 156 the Chairman, the Managing Director or whole-time Director, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these articles a "Retiring Director" means a Director retiring by rotation.

156. Ascertainment of Directors by retiring and filing of vacancies

Eligibility for re-election

Subject to Section 256 of the Act, the Director to retire by rotation under Article 155 at every general meeting shall be those who have been longest in office since their last appointment, but as between those who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

157. Company to fill vacancies

A retiring Director shall be eligible for re-election.

158. Subject to Section 258, 259 and 284 of the Act, the company at the general meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.

159. 1. If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next, week at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place;
2. If the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless;
- at the meeting or the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
 - the retiring Director has, by a notice in writing, address to the Company or its Board of Directors expressed his willingness to be so re-appointed;
 - he is not qualified or is disqualified for appointment;
 - a resolution, whether special or ordinary is required for his appointment or re-appointment by virtue of any provisions of the act; or
 - The provisions of sub-section (2) of Section 263 of the Act are applicable to the case.

160. Company may increase or reduce the number of Directors

Subject to the provisions of Section 252, 255 and 259 of the Act the Company may, by ordinary resolution, from time to time, increase or reduce the number.

161. Appointment of Directors to be voted individually

- No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote given against it.

2. A resolution moved in contravention of sub-clause (1) hereof shall be void, whether or not objection so moved; Provided that where a resolution so moved is passed no provisions for the automatic reappointment of the retiring Director in default of another appointment as herein before provided shall apply.

For the purposes of this Article, a motion for approving a person's appointment or for nominating a person or appointment shall be treated as a motion for his appointment.

162. Notice of candidature for office of Director except in certain cases

1. No person, not being a Retiring Director, shall be eligible for election to the office of a Director at any general meeting unless he or some other member intending to purposes him has, at least fourteen days before the meeting left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to purpose him as a Director for that office, as the case may be.
2. The company shall inform its members of the Candidature of the person for the office of Director or the intention of a members to purpose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspaper circulating in the place where the registered office of the Company is located, of which one is published in the English language to manage the affairs and other in the regional language of the place.

3. Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidature for the office of a Director shall sign and file with the Company his consent is writing to act as a Director, if appointed.
4. A person other than:
 - a. a Director re-appointed after retirement by rotation or immediately or the expiry of his terms of office or
 - b. an additional or alter to Director, or a person filling a casual vacancy in the office of Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.

163. Disclosure by Directors of their holding of shares and debentures of the Company

Every Director and every person deemed to be Director of the Company by virtue of Sub-section 10 of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board, the person giving that notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board next after it is given.

MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR

164. Board may appoint Managing Director(s) or whole-time Director (s)

Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors or whole time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit of Directors and may after qualifications and business of the Company and may

from time to time (subject to the provisions of any control between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

165. What provisions they will be subject to

Subject to the provisions of the Act and these Articles, the Managing Director or the whole-time Director shall not while he continues to hold that office be subject to retirement by rotation under Articles 154 but he shall be subject to the provisions of any contract between him and the company and he subject to the same provisions as to the registration and removal as the other Directors of the Company and he shall also fact and immediately cease to be a Managing Director or whole-time Director if he cease to hold the office of Director for any cause provided that if any time the number of Director (including Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Director for the time being, then such of the Managing Director on whole-time Directors or two or more of them as the Director may from time to time determine shall be liable to retirement by rotation in accordance with the Article 154 to the intent that the number of Director not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

166. Remuneration of Managing or Whole-time Director(s)

The remuneration of the Managing Director or Whole-time Director shall (subject to Section 198, 269, 309, 310, 311 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors from time to time and may be way of fixed salary and/or perquisite or commission on profits of the company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

167. Powers and duties of Managing & or Whole-time Director(s)

Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Directors or Whole-time Directors appointed under Articles 164 with Power to the Board to distribute such day to day management functions among such Directors in any manner as deemed fit by the Board and the subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or whole-time Director or Whole-time Directors with such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine and may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or substitution for all or any of the powers of the Director in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF THE BOARD OF DIRECTORS

168. Meeting of Directors

The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the proviso to Section 285 of the Act otherwise directs, shall so meet at least once in every year. The Director may adjourned and otherwise regulate their meetings as they think fit. The provisions of this article shall be deemed to have been contravened merely by reason of this fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

169. Notice of Meetings

1. Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India, and his usual address in India to every other Director. The notice shall specify the time and place of the meeting.

When meeting to be convened

2. A Director may at any time and the Secretary upon the request of a Director made at any time shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director.

170. Quorum

3. Subject to Section 287 of Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction constrained in that one-third being rounded off as one) or two Directors whichever is higher, PROVIDED that where at any time number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Director (that is to say, the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time.
4. For the purpose clause (1)
 - i. "Total Strength" means total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting there from number of the Directors, if any whose place may be vacant at the time; and
 - ii. "Interested Directors" means any Director whose presence cannot by reason of any provisions in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of any discussion or vote on any matter.

171. Procedure when meeting adjourned for want of quorum

If a meeting of the Board could not be held for want of quorum, then, the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday at the same time and place.

172. Chairman

The Director from among their members may elect a Chairman of the Board of Directors. If at any meeting the Chairman is not present at the time appointed for holding the same, the Directors present shall choose one of their members to be the Chairman of such meeting.

173. Question at Board meeting how decided

Subject to provision of Section 316,372 (5) and 386 of the Act, question arising at any meeting of the Board shall be decided by a majority of votes and in case of an equality of votes the chairman shall have a second or casting vote.

174. Powers of Board meeting

A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board of Directors generally.

175. Directors may appoint committee

The Board of Directors may subject to the provisions of the Section 292 and other relevant provisions of the Act and these Articles delegate any of the powers other than the power to make calls to issue debentures, such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the purpose or purposes, but every committee of the Board so formed shall in exercise of the power so delegated, conform to any regulations that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect as if done by the Board.

176. Meeting of the Committee how to be governed

The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Director under the last proceeding Article.

177. Circular resolution

1. A resolution passed by circular without a Board or a Committee of the Board appointed under Articles 167 shall subject to the provisions of sub-clause (2) hereof and the Act be as valid and effectual as the resolution duly passed at a meeting of the Directors or of a Committee duly called and held.
2. A resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, if the resolution, has been circulated in draft together with necessary paper, if any to all the Directors, or to all the members of the Committee, then in India not being less in number than the quorum fixed for a meeting of the Board or Committee, (as the case may be and do all other Directors or members of the Committee at their usual addresses in India and has been approved by such of the Directors or members of the committee as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

178. Act of Board or committee valid notwithstanding defect in appointment

All acts, done at any meeting of the Board, by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions of the Act or these Articles.

POWER OF THE BOARD

179. General power of Management vested in Directors

The Business of the company shall be managed by the Directors who may exercise all such powers of the company and do all such acts and things as are not by the Act, or any other act or by the Memorandum or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to any regulation of these Articles, to the provisions of the Act, or and other Act and of such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. PROVIDED the Board of Directors shall not, except with the consent of the Company in general meeting.

1. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any Such undertaking.
2. remit, or give for the repayment of, any debt due by a Director;
3. invest otherwise than in trust securities the amount of compensation received by the company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (1) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
4. borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its fees reserves that is to say, reserves not set apart from any specific purpose; or

5. contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.
 - i. provided that in respect of the matter referred to in clause (4) and (5) such consent shall be obtained by a resolution of the company which shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (4) or as the case may be total amount which may be contributed to charitable or other funds in any financial year under clauses (3);
 - ii. Provided further that the expression "temporary loans" in clause (4) above shall mean loans repayable on demand or within six month from the date of the loan such as short term, cash credit arrangements, the discounting of a seasonal character but does not include loans raised for the purpose of financial expenditure of a capital nature.

180. Certain powers to be exercise by the Board only at meetings

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 the meeting of the Board :-

- a. the powers to make calls on shareholders respect of money unpaid on theirs;
- b. the power to issue debentures;
- c. the power to borrow money otherwise than on debentures;
- d. the power to invest the funds of the company;
- d. the power to make loans;

Provided that the Board may by a resolution passed at a meeting delegate to any committee of Directors, Managing Directors or any other principal officer of the company, the powers specified in clause (c),(d) and (e) of this sub-clause to the extent specified below on such conditions as the Board may prescribed.

1. Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount, outstanding at any one time, up to which moneys may be borrowed by the delegate.
2. Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amount up to which the funds of the company may be invested and the nature of investments which may be made by the delegate.
3. Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount of the loans which may be made for each such purpose in individual cases.

181. Certain Powers of the Board

Without prejudice to the general powers conferred by Article 160 and so as not in way to limit or restrict those powers and without prejudice to the other powers conferred by these articles but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Director shall have the following powers that is to say, power:-

1. to pay and charge to the Capital Account of the Company any commission or interest, lawfully, payable there out under the provisions of Section 76 and 208 of the Act;

2. subject to provisions of Section 292 and 297 and other applicable provisions of the act to purchase or otherwise acquire for the Company any property, right or privileges, which the company is authorised to acquire or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
3. at their discretion and subject to the provisions of the Act to pay for any property rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debenture, mortgages, 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;
4. to secure the fulfilment of any contracts or engagements entered into by the company by mortgage or charge on all or any of the property, of the company and its uncalled capital for the time being or in such manner as they may think fit;
5. to accept from any members so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
6. to appoint any person to accept and hold in trust for the company property belonging to the Company, or in which it is interested or for any other purposes, and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for remuneration of such trustee or trustees;
7. to institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officer, or otherwise concerning the affairs of the company, and also to compound and allow time for payment on satisfaction of any debt due, and of any claim or demand by or against the company and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian Law or according to foreign law and either in India or abroad and observe and perform or challenge award made therein;
8. to act on behalf of the company, in all matter relating to bankrupts and insolvents and winding up and liquidation of companies;
9. Subject to the provisions of the Act, to execute in the name and on behalf of the Company and indemnities and guarantees as may be necessary and to make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company.
10. subject to the provisions of Section 291,292 (1),295,370,372 and other applicable provisions of the Act and other Articles to invest and deal with any moneys of the company not immediately required for the purpose thereof, upon such security (not being the shares of his company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investment, save as provided in section 49 of the Act, all investment shall be made and held in the Company's own name;
11. to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and other powers provisions, covenants agreements as shall be agreed upon;
12. to open bank account and to determine from time to time who shall be entitled to sign, on the company's behalf, bills, notes, receipts, acceptances, endorsement, cheques, dividend warrant, release, contract and documents to give the necessary authority for such purpose;
13. to distribute by way of bonus amongst the staff of the company a share in the profits of the company and to give to any Director, office or other person employed by the Company a

commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of working expenses of the Company;

14. to provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and the wives widows, and families or the dependents or connection of such person by building or contribution to the building of houses, dwellings or chawls or by grants of moneys, pensions, gratuities, allowances, bonus or other payments, creating and from time to time subscribing or by contributing to provident funds and other associations, institutions, and by providing or subscribing or contributing towards places of instruction and recreation, hospitals, dispensaries, medical and other attendance and other assistance as the Board shall think fit, and subject to the provisions of Section 293 (1) (c) of the act to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable, benevolent, religious, scientific, national or other institution or objects which shall have any moral or other claims to support or aid by the Company either by reason of locality of operation or the public and general utility or otherwise;
15. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation fund or to insurance fund, or as a reserve fund or sinking fund, or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debenture or debenture stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any part of the property of the company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may in their absolute discretion think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of this Compound) as they may think fit, and from time to time deal with and very such investment and dispose of and supply and expend all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the General Reserve or Reserve Fund into such special funds as the Board may think fit; with full power to transfer the whole or any portion of a Reserve fund or division of a Reserve Fund to another Reserve Fund and/or division of a Reserve fund and with full power to employ the
16. to appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties fit determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and to such amounts as they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in specified locality in India or elsewhere in such manner as they think fit;
17. from time to time an any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Board or Manager or agencies and to fix their remuneration;
18. subject to Section 292 of Act, from time to time, and at any time to delegate to any person so appointed any of the powers authorities and discretion for the time being vested in the board, other than their powers to make calls or to make loans or borrow moneys; and to, authorise the member for the time being of any such local board or any of them fill up any vacancies therein and to act notwithstanding vacancies and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed and may annual or very any such delegation;
19. at any time and from time to time by Power of Attorney under the Seal of the Company to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such

period and subject to such conditions as the Board may from time to time think fit, and any such appointment may (if the Board think fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any company, or the shareholders, Directors, nominees or manager of any or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegating all or any of the powers, authorities and discretion for the time being vested in them;

20. Subject to Section 294, 297, 300 and other applicable provisions of the Act, for or in relation to any of matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiation and contract and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
21. From time to time to make, vary and repeal bye-law for the regulation of the business of the Company, its officer and servants;
22. To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, properties, effect, assets, right, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorised to carry on in any part of India.
23. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such price or rent 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;
24. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery goods, stores, produce and other movable property of the Company, either separately or 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 an insurance effected in pursuance of this power;
25. To purchase or otherwise acquire to obtain license for the use of, and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical knowhow;
26. To sell from time to time any articles, materials, machinery, plants, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and well sell waste and by-product.
27. From time to time extend the business and undertaking of the Company by adding to, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or the possession of the Company, or by erecting new or additional buildings, and to extend such sum of money for the purpose aforesaid or any of them as may be thought necessary or expedient;
28. To undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreement contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company, and to purchase the reversion or reversions, and otherwise to acquire the free-hold-simple of all or any of the lands of the company for the time being held under lease or for an estate less than free-hold estate;
29. To improve, manage, develop, exchange, lease sell, re-sell and re-purchase, dispose of, deal of otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the company is interested;

30. To let sell or otherwise dispose of subject to the provisions of Section 293 of the Act, and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respect as they think fit and accept payment of satisfaction for the same in cash or otherwise as they think fit.

MINUTES

182. Minutes to be made

1. The Company shall cause minutes of all proceedings of every general meeting of all proceedings of every meeting of the Board of Directors and 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.
2. Each page of every such book shall be entitled or assigned and the last page of the record of proceedings of each meeting in such books shall be dated and signed;
 - a. In the case of minutes of proceedings of a meeting of the Board or of a Committee thereof, by the Chairman of the said meeting or the chairman of the said meeting or the chairman of the next succeeding meeting.
 - b. In the case of minutes of proceeding of a general meeting by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose.
3. In no case the minutes of proceedings of a meeting shall be attached to any such books as aforesaid by pasting or otherwise.
4. The minutes of each meeting shall contain a fair and correct summary of the proceeding thereof
5. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
6. In the case of meeting of the Board of Directors or a committee of the Board the minutes shall also contain:-
 - a. the name of the Directors present at the meeting and
 - b. in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution
7. Nothing contained in clause (1) to (6) 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 :-
 - a. is, or could reasonably be regarded as defamatory of any person;
 - b. is irrelevant or immaterial to the proceeding; or
 - c. Is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

183. Minutes to be evidence of the proceedings

The minutes of proceedings of every general meeting of the proceedings of every meeting of the Board or of every committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

184. Presumptions

Where the minutes of the proceedings of any general meeting of the Company or of any meeting of the Board or of a committee of Directors have been kept in accordance with the provisions of Section 193 of the Act then until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceeding thereat to have been duly taken place, and in particular, all appointment of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

185. Secretary

The Directors may, from time to time appoint, and their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act and these Articles are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may, from time to time, be assigned to the Secretary by the Directors. The appointment of Secretary shall be made according to the provisions of the companies (Secretary's qualifications) Rules, 1975.

THE SEAL

186. The seal its custody an use

1. The Board of Directors shall provide 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 Board shall provide for the safe custody of the seal, for the time being, under such regulations as the, Board may prescribe.
2. The seal shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board previously given and in presence of at least one Director and the Secretary or any other person duly authorised by the Board, both of whom shall sign every instrument to which the seal is affixed. Provide further that the certificates of share debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, and their statutory modification for the time being in force.

Provided nevertheless, that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the company notwithstanding any irregularity touching the authority by the Board to issue the same

DIVIDEND WARRANTS

187. Division of profits

1. Subject to the rights of person if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividends are paid, but if and so long as nothing is paid upon any of shares in the Company, dividends may be declared and paid according to the amounts of the shares.
2. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the share.

188. The Company in general meeting may declare dividends

The company in general meeting may declare dividends, to be paid to members according to their respective right and interest in the profits an may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare smaller dividend in general meeting.

189. Dividend out of profit only

No dividends shall be payable except out of profits of the company arrived at in the manner provided for in Section 205 of the Act.

190. Interim dividend

The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

191. Debts may be deducted

The Director may retain and dividend on which the company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagement in respect of which the lien exists.

192. Capital paid up in advance at interest not to earn dividend

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

193. Dividends in proportion to amount paid up

All dividends shall be declared and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid but if any shares is issued on terms, providing that it shall rank for dividends as from a particular date share shall rank for dividend accordingly.

194. No number to receive dividend whilst in debited to the company and the company's right of reimbursement thereof

No member shall be entitled to receive payments of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any members all such sums of money so due from him to the company.

195. Effect of transfer of shares

A Transfer of shares shall not pass the right to any dividends declared there in before the registration of the transfer.

196. Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

197. Dividend how remitted

The Dividend payable in cash may be paid by Cheque or warrant sent through post direct to registered address of the share-holder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holder which is first named on the register of member or to such person and to such address as the member in writing direct. The Company shall not be liable or responsible for any Cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature or any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

198. Notice of dividend

Notice of the Declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

199. Reserves

The Directors may, before recommending or declaring any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

200. Dividends to be paid within thirty days.

The Company shall pay the dividends or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within thirty days from the date of the declaration unless;

1. Where the dividend could not be paid by reason of the operation of any way;
2. Where a shareholder has given discretion regarding the payment of the dividends and those directions cannot be complied with;
3. Where there is dispute regarding the right to receive the dividend;
4. Where the dividend has been lawfully adjusted by the Company against any sum due to it from share-holder, or
5. Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default or on the part of the Company.

201. Unclaimed dividend

No unclaimed dividend shall be forfeited by the Board and the Director shall Company with provisions of the Section 205 A of the Companies Act, 1956 as regard unclaimed dividends.

202. No Interest on dividends

Subject to the provisions of Section 205 A of the Companies Act, 1956 no dividend shall bear interest as against the Company.

203. Dividend and call together

Any general meeting declaring a dividend may on the recommendations of the Directors make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and 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.

204. Dividends in cash

No dividend shall be payable except in cash provided that nothing in this Articles shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time unpaid on any shares held by members of the Company.

CAPITALISATION

205. Capitalization

1. The Company in General Meeting may, upon the recommendation of the Board, resolve;
 - a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company reserve accounts or to the credit of the profit and loss account otherwise available for the distribution; and
 - b. that such sum be accordingly set free for distribution in the manner specified in clause
 - c. Amongst the members who would have been entitled thereto, if distributed by way of dividend in the same proportions.
2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in the Clause (3) either in or towards;
 - i. Paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - ii. paying up in full unissued shares of the company to be allocated and distributed, credit as fully paid up, to and amongst such members in the proportions aforesaid; or
 - iii. Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
3. A Security premium account and a capital redemption reserve account may, for the purpose of this article, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.

Fractional Certificate

4. The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
206. 1. Whenever such a resolution as aforesaid shall have been passed, the Board shall;
- a. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and
 - b. Generally do all acts and things required to give effect thereto.
2. The Board shall have full power
- a. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit in the case of shares becoming distributable in fraction; and also
 - b. to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment of them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalization, are (as the case may require) for the payment by the Company on their behalf, by the application thereto their respective proportions of the profits resolved to be capitalised of the amounts remaining on their existing shares.
3. Any agreement made under such authority shall be effective and binding on all such members.
4. That for the purpose of giving effect to any resolution, under the preceding paragraph of this articles, the Directors may give such discretion as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

ACCOUNT

207. Books to be kept

1. a. The Company shall keep at its registered office books of account as would give a true and fair view of the state of affairs of the Company or its transaction with respect to; (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place,
- b. All sales and purchase of goods by the Company;
- c. The assets and liabilities of the Company; and
- d. If so required by the Central Government, such particular relating to utilisation of material or labour or to other items of cost as may be prescribed by that Government.

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

2. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of sub-clause (1) if proper books of account relating to the transaction affected at the Branch are kept at that office and proper summarized returns made up to date at interval of not more than three months are sent by the branch office to the Company at its registered office or the other place referred to in sub-clause (1).
3. The book of accounts and other books and paper shall be open to inspection by any Director during business hours.

208. Inspection by members

1. The directors shall from time to time determine whether and to what extent and at what times and place and under what conditions the book of accounts of the Company or any of them shall be open to the inspection of members not being Directors.
2. No members (not being a Director) shall have any right of inspecting any books of account or documents of the Company except as followed by law or authorised by the Board.

209. Statements of accounts to be furnished to general meeting

The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act cause to be prepared and laid before each annual general meeting a profit and loss account for the financial year of the Company and a Balance sheet made to as at the end of the financial year which shall be a date not proceeding the day of the meeting by more than six months or such extended period as shall have been granted by the registrar under the provisions of the Act.

210. Right of members to copies of Balance sheet and Auditors Report

Any members or holder of debenture of the Company whether he is or is not entitled to have copies of the Company's Balance sheet sent to him shall, on demanded be entitled to be furnished without charge, and any person from whom the company has accepted a sum of money by way of deposit, shall on demand accompanied by the payment of a fee of one rupee, be entitled to be furnished, with a copy of the Balance sheet of the Company and of every document required by law to be annexed or attached thereto including the profit and loss account and the auditor's report.

AUDIT

211. Accounts to be audited

Once at least in every year the account of the Company shall be examined, balanced and audited and the correctness of the profit and loss account and balance sheet ascertained by one or more Auditor or Auditors.

212. Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 619 read section 224 and other applicable provisions of the Act.

213. Account when audited and approved to be conclusive except as errors discovered within 3 months

Every account when audited and approved by a general meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

214. To whom documents must be served or, given

Documents or notice of every meeting shall be served or given or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the auditor or auditors for the time being of the Company PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighbourhood of the office of the Company under Article 93 a statement of material facts referred to in article 94 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

215. Members bound by documents or notices served on or given to previous holder

Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share be bound by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derived his title to such share.

216. Service of document on company

A document 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 Registered post or by leaving it at its registered office.

217. Authentication of documents & proceedings

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Managing Director or the Secretary or other authorised officer of the Company and need not be under the common seal of the Company.

REGISTER AND DOCUMENTS

218. Register and documents to be maintained by the Company

The Company shall keep and maintain Register Books and documents required by the Act or these Articles, including the following:-

1. Register of investment made by the Company but not held in its own name, as required by Section 49(7) of the Act.
2. Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to section 136 of the Act.

3. Register and index of members and Debenture holders as required by Section 150,151 and 152 of the Act.
4. Foreign Register, if so, thought fit, as required by Section 157 of the Act.
5. Register of contract, with Companies and firms in which Directors are interested as required by Section 301 of the Act.
6. Register of Directors, and Secretary Etc as required by Section 303 of the Act.
7. Register as to holding by Director of shares and/or debenture in the Company as required by Section 307 of the Act.
8. Register of investment made by the Company in shares and debentures of the bodies corporate in the same group as required by Section 372 of the Act.
9. Copies of annual return prepared under section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
10. Register of loans, guarantees or securities given to other companies under the same management as required by section 370 of the Act.

219. Inspection of Register

The Register mentioned in clause 6 and 9 of the foregoing article and the minutes of all proceedings of general meeting shall be open to inspection and the extracts may be taken there from and copies thereto may be required by any member of the company in the same manner to the same extent and on payment of the same fees as in case of the Register of members of the Company provided for in clause 3 thereof. Copies of entries in the register mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days during such business hours as may consistently with the provisions of the act in that behalf be determined by the Company.

WINDING UP

220. Distribution of Assets

If the Company shall be wound-up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members In proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding – up on the shares held by them respectively and if in a winding-up the assets available for distribution among the member 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 at the commencement of the winding-up paid-up or which ought to have been paid-up on the shares held by them respectively. But this article is to without prejudice to the rights of the holders of shares issued upon special terms and conditions, and preference shareholders shall have prior rights to repayment of capital and dividends due.

221. Distribution in specie or kind

1. If the Company shall be wound up, whether voluntarily or otherwise the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributories or any of them, as the liquidator, with the like sanction shall think fit.
2. If thought expedient any such division may subject to the provision of the Act be otherwise than in accordance with the legal rights of the contributions (except where rights of the unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or

special rights or may be excluded altogether or in part but in case may division otherwise than in accordance with the legal rights of the contributories shall be determined upon any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to section 494 of the Act.

3. In case any shares to be divide involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the Liquidator to sell his proportion and if pay him net proceeds and the Liquidator shall if practicable act accordingly.

222. Rights of share holders in case of sales

A special resolution sanctioning a sale to any other Company duly passed pursuant to section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distribution against the member otherwise than accordance with their existing rights and any such determination shall be binding up to all the members subject to the rights of the dissent and consequential rights conferred by the said sanction.

INDEMNITY

223. Directors and other rights to indemnity

Subject to the provisions of section 201 of the Act, every Director or officer, or employee of the Company or any person (whether an officer of the Company or not) employed by the Company out of the assets of the Company as auditors shall be indemnified by the Company out of the assets of the Company against all liabilities incurred by him as such

224. Director /Officer not responsible for acts of other

Subject to the provisions of Section 201 of the Act no Director, Auditors or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipts or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person firm or company to or which whom any moneys securities of effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss damages or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

225. Secrecy Clause

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 Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transaction and affairs of the Company with the customers and the state of the accounts with individual and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matter relate and except so far a may be necessary in order to comply with any of the provisions in these presents contained.

226. No member to enter the premises of the Company without permission

No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director or to require discovery of or any information respecting any detail of the Company's trading, or any matter

which is or may be in the nature of a trade secret mystery of trade, secret process, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of this Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Red Herring Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 AM and 5.00 PM on all Working Days until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Memorandum of Understanding dated March 15, 2010 entered into between our Company and Ashika Capital Limited, the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated October 07, 2009 entered into between our Company with Link In time India Pvt Ltd, the Registrar to the Issue.
3. Tripartite agreement dated October 22, 2010 entered into between the Company, CDSL and Registrar to the Issue.
4. Tripartite agreement dated November 29, 2010 entered into between the Company, NSDL and Registrar to the Issue.
5. Escrow Agreement dated April 11, 2011 between our Company, the Book Running Lead Manager, the Escrow Collecting Banks and the Registrar to the Issue.
6. Syndicate Agreement dated April 11, 2011 between our Company, Book Running Lead Manager and Syndicate Members.
7. Underwriting Agreement dated [•] between the Company, Book Running Lead Manager and Syndicate Members.

Material Documents

1. Certified Copy of Memorandum of Association and Articles of Association of our company, as amended from time to time.
2. Copy of Certificate of Incorporation dated July 22, 2003.
3. Resolution passed by our shareholders at EGM held on February 20, 2010 under Section 81(1A) of the Companies Act, 1956 approving this Issue.
4. Resolution of the Board dated April 11, 2011 approving the Red Herring Prospectus.
5. Copies of Annual Reports of our Company for the financial years ending on March 31, 2006, 2007, 2008, 2009 and 2010 and 7 months ending on October 31, 2010.
6. Copy of Certificate dated September 15, 2010 from the statutory auditors, M/s. Johri & Associates, Chartered Accountants, detailing the tax benefits.
7. A Certificate from the Auditor stating Actual Utilisation of Loans
8. Legal Due Diligence Report dated September 17, 2010 and supplementary legal due diligence report dated April 11, 2011 by Alliance Corporate Lawyers, Advocates.
9. Copy of certificate dated April 05, 2011 issued by Motilal Jain & Associates, Chartered Accountant (Peer Review Auditor) for Restated Financials of the Company.
10. Consent of the IPO Grading Agency, ICRA, dated April 04, 2011 for inclusion of their IPO grading report furnishing the rationale for its grading, in the form and context in which they will appear in the Red Herring Prospectus.

11. Consents of our Directors, Book Running Lead Manager, the Syndicate Members, Bankers to our Company, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
12. Applications dated September 30, 2010 and September 29, 2010 filed with the NSE and the BSE, respectively, for obtaining their in-principle listing approval.
13. In-principle listing approvals from BSE and NSE dated November 04, 2010 and December 31, 2010 respectively.
14. Due Diligence Certificate dated September 23, 2010 to SEBI from Ashika Capital Limited, the Book Running Lead Manager.
15. SEBI Observation letter no CFD/DIL/ISSUES/SK/MS/OW/947/2011 dated January 10, 2011 issued by the Securities and Exchange Board of India (SEBI) and reply by Ashika Capital Limited (Book Running Lead Manager) for the same vide their letter(s) no ACL: MUM: 2011-12: 0001 dated April 11, 2011, ACL: MUM: 2011-12: 0003 dated April 13, 2011, ACL: MUM: 2011-12: 0004 dated April 18, 2011.
16. Copy of the resolution dated February 20, 2010 for the revision of remuneration of Managing Director and Whole-time Directors.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities Exchange Board of India Act, 1992, or the rules made there under or guidelines issued, as the case may be. All the said legal requirements connected with this issue as also the guidelines, instruction etc, issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Vaswani Industries Ltd, hereby declare and confirm that no information/ material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this Red Herring Prospectus has been suppressed/ withheld and/ or incorporated in the manner that would amount to misstatement/ misrepresentation. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our company:

Mr. Ravi Vaswani
(Managing Director)

Mr. Pramod Vaswani
(Whole Time Director)

Mr. Yashwant Vaswani
(Whole Time Director)

Mr. Lekhu Thadharam Mulchandani
(Independent Director)

Mr. Ashok Suri
(Independent Director)

Mr. Sunny Saini
(Independent Director)

Ms. Rachana Hingar
(Company Secretary & Compliance Officer)

Place: Raipur

Date: April 18, 2011

Annexure-1



VASWANI INDUSTRIES LIMITED

Issue Details

Vaswani Industries Limited is proposing to come out with an Initial Public Offer (IPO) for a fresh issue of 1,00,00,000 equity shares of face value of Rs. 10/- each. The Issue is being made through the 100% book building method where in up to 50% of the issue to public would be available for allotment on a proportionate basis to qualified institutional buyers (of which 5% would be allocated to mutual funds). Further, not less than 15% of the issue to public would be available for allotment on a proportionate basis to non-institutional bidders and not less than 35% of the issue to public would be available for allotment on a proportionate basis to retail individual bidders, subject to valid bids being received at or above the issue price. Post IPO, the shares will be listed on the National Stock Exchange and Bombay Stock Exchange.

Proposed Use of IPO Proceeds

- Prepayment of term loans
- Meeting long term working capital requirements
- Meeting general corporate purposes
- Meeting issues expenses

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IPO Grading

ICRA has assigned an IPO Grade 2, indicating below average fundamentals to the proposed initial public offering of Vaswani Industries Limited ("VIL"/ "The company"). ICRA assigns IPO grading on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, inter alia, business and competitive position, financial position and prospects, management quality, corporate governance and history of compliance and litigation.

Disclaimer: Notwithstanding anything to the contrary, an ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied, as to the accuracy, authenticity, timelines or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer, nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

Strengths

- Experience of promoters in the steel business
- Favorable long term demand outlook for VIL's produce (sponge iron, steel and power), supported by the growth in the construction and infrastructure sectors, and the power deficit situation in the country
- Availability of waste heat recovery based captive power plant strengthens operating profile and also supports profitability and diversifies cash flows to an extent
- Commissioning of the additional sponge iron and power production capacities is likely to augment VIL's turnover and profits in the near to medium term

Concerns

- Moderate scale of operations, despite the commissioning of the expanded capacities recently
- Highly fragmented nature of the sponge iron and steel billet segments with low entry barriers, leading to competitive pressures
- Cyclicity inherent in the commodity steel business, which is likely to make profitability and cash flows volatile
- Moderate capacity utilization of the sponge iron unit and largely idle billet capacity depress the overall business returns of the company, given the lack of backward integration
- Highly raw material intensive nature of operations, making VIL susceptible to unfavorable raw material price movements relatively to finished goods prices
- High working capital intensity, which adversely impacts VIL's liquidity position, leading to occasional delays in debt servicing in the past

Grading Rationale

The assigned grading factors in the experience of the promoters in the steel business, favourable long term demand outlook for VIL's end products (sponge iron, steel and power), cost efficiency derived from the captive power generating units; and the ability to diversify its cash flow from sale of power when steel prices exhibit unfavourable movements. ICRA takes note of the recent additions in the sponge iron and waste heat recovery based power capacities, which would lead to growth in the turnover and profits in the near to medium term. Nevertheless, the scale of VIL's operations continues to be at moderate levels. Further, moderate capacity utilisation of the sponge iron unit and a largely idle billet capacity, coupled with the moderate profitability of business because of a lack of captive raw material sources depress the overall business returns of VIL. The secondary steel industry in which the company operates is highly fragmented and has low entry barriers, which also exert competitive pressures. Going forward, VIL is likely to enjoy stable profitability from the sale of power. Nevertheless, an unfavourable movement in the prices of its iron and steel products, which are highly commoditised in nature, could have an adverse impact on the overall profitability of the company. Also, the iron and steel production process is highly raw material intensive in nature, which exposes the company to the risks of unfavourable raw material price movements relative to its end product realisations. VIL's business has a high working capital intensity, which exert pressure on its overall liquidity position, leading to occasional delays in debt servicing in the past.

Company Profile

Incorporated in the year 2003, VIL is promoted by Mr. Ravi Vaswani, Mr. Pramod Vawani and Mr. Yashwant Vaswani. The Company commenced operations in the year 2004-05 with a 30,000 tonnes per annum (TPA) coal based sponge iron production unit at Raipur, Chhattisgarh. VIL currently has installed capacities of 90,000 TPA, 36,000 TPA and 11.5 Mega Watt (MW) to produce coal based sponge iron, billet and power respectively.

Promoters and Management

Table No: 1 Share holding pattern

Particulars	Pre-IPO shareholding	Post-IPO shareholding
Promoters and Promoter Group (A)		
Mr. Ravi Vaswani	25.22%	14.49%
Mr. Pramod Vaswani	25.72%	14.77%
Mr. Yashwant Vaswani	15.94%	9.16%
Mrs Manisha Vaswani	11.66%	6.69%
Mrs. Juhi Vaswani	11.58%	6.65%
Mrs. Sudha Vaswani	9.05%	5.20%
Ravi Vaswani HUF	0.44%	0.26%
Mrs Kritika Vaswani	0.37%	0.21%
Mr Satish Vaswani	0.01%	0.00%
Subtotal (A)	100.00%	57.43%
Public (B)		42.57%
Total (A)+(B)	100.00%	100.00%

The promoters Mr. Ravi Vaswani and Mr. Pramod Vaswani have about two decades of experience in the steel business. They are also the founding members of the Vaswani Group, which is involved in steel manufacturing and castings business through three group entities apart from VIL viz. C.G Ispat Private Limited, Cosmos Castings (India) Limited and Kwaliti Foundry Industries.

Corporate Governance

VIL's Board has six Directors, of which the Chairman of the Board is an Executive Director. In compliance with the requirements of clause 49 of the listing agreement, the company has three Executive Directors and three Independent Directors. The company has also constituted the following committees: Audit Committee, Shareholders/Investors Grievance Committee and Remuneration/Compensation Committee.

Business and Competitive Position

Moderate scale of operations in VIL's iron and steel units

VIL commenced its operations in the year 2004-05 with a 30,000 tonnes per annum (TPA) sponge iron production unit. The sponge iron capacity was increased over the years to the current levels of 90,000 TPA. During 2007-08, VIL also installed induction furnaces with a capacity of 36,000 TPA, for manufacturing of steel ingots and billets by utilising the in-house sponge iron produce. The company also has a power generation capacity of about 11.5 MW (9.0 MW from waste heat recovery boilers (WHRB) and 2.5 MW from a coal based fluidised bed combustion (FBC) boiler). The power plant capacity was enhanced to the current levels from the erstwhile capacity of 7.5 MW, during 2010-11.

Table No: 2 Capacity and capacity utilisation

Capacity	Unit	2006-07	2007-08	2008-09	2009-10
Sponge Iron	MT	60000	60000	60000	90000
Steel billet/ingots	MT	NA	36000	36000	36000
Power	MW	NA	7.5	7.5	7.5
Power ¹	million units	NA	63	63	63
Production					
Sponge Iron	MT	36231	42422	37810	47378
Ingots	MT	0	4694	0	0
Steel billet	MT	0	9325	36637	4243
Gross power generation	million units	0	0	52.2	60.4
Capacity utilization					
Sponge Iron		60%	71%	63%	53%
Ingots+ billets			39%	102%	12%
Power-PLF				83%	96%

VIL increased its sponge iron production capacity during 2009-10. However, the same was operational only during the last quarter of 2009-10, which led to the decline in the overall capacity utilisation levels in 2009-10, although the production volumes witnessed a year-on-year (Y-o-Y) increase of 25%. During the 9 months of 2010-11, the company produced only 41,848 tonnes of sponge iron, reflecting a capacity utilization of only 62%. The company augmented its power production capacity by 4 MW during 2010-11, through the waste heat recovery mode which, coupled with the increase in the sponge iron capacity is expected to drive its business growth in the near to medium term. Notwithstanding the growth, VIL's scale of operations would continue to be at moderate levels going forward.

VIL's capacity utilization levels in the steel making facility (ingot & billets) have recorded a sharp decline in 2009-10 and during the 9 months of 2010-11. Steel making through the induction furnace (IF) route being a power intensive operation, production of billet/ingot consumes substantial part of VIL's power generation at the captive power plant. Since the cost of power generated is low (a part being generated from waste heat) sale of power is more profitable for the company than sale of billet/ingot, whose prices also witness a high degree of volatility. Going forward, ICRA believes that VIL would use its IF operations depending upon the profitability from the sale of steel vis-a-vis sale of power.

Favourable demand outlook for VIL's end products, however the market is highly fragmented, leading to competitive pressures

India is the largest producer of sponge iron in the world, accounting for over one-third of the total global production. India's production grew from about 5.5 million tonnes in the year 2000 to over 20 million tonnes in 2010, exhibiting a CAGR growth of about 14%. The country's sponge iron making capacity has also increased over the years and currently stands at about 32 million tonnes per annum, 75 % of which is coal-based and the remaining 25 % is gas-based. The domestic sponge iron industry is highly fragmented, with

¹ Capacity calculated based on 330 working days

over 700 coal based plants catering largely to the secondary steel industry, which is largely into production of long products. Besides sponge iron, the secondary steel industry too is highly fragmented with low entry barriers due to low capital investment requirements, leading to pricing pressures and moderate profitability of the players. Also, cyclical nature inherent with the business makes profits variable. However, outlook on the steel industry over the medium to long term is favourable, driven by the expected demand from construction/infrastructure sectors.

The deficit situation in power availability and favourable Government policies including open access in the state of Chattisgarh reduces off-take risks for power producers in the state. Sale of power is more profitable than the steel related business for VIL. Additionally, this provides some diversification to VIL's revenues and reduces the impact of cyclical nature on the company's cash flows. ICRA believes that the sustainability of merchant tariffs and hence VIL's profits from power sale in the long term would depend upon the extent of power deficit levels, the ability and willingness of state utilities to off-take the higher cost power at times of peak deficit and the level of regulatory intervention in the future.

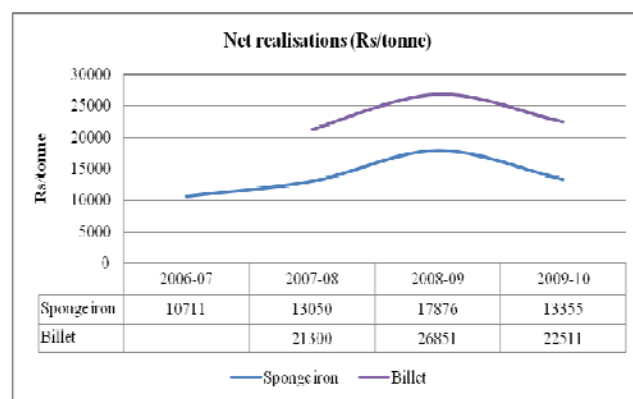
Highly raw material intensive nature of the iron and steel production process

Raw materials and consumables in 2009-10 accounted for about 75% of the turnover of VIL, making the production process highly raw material intensive, and thus making profitability vulnerable to adverse movements in their prices relative to the product realizations. Iron ore and coal are the key raw materials for the production of sponge iron. VIL procures iron ore from NMDC Limited and other private players largely at spot prices. The Company procures coal from South Eastern Coalfields Ltd for a small portion of its requirement for the sponge iron and power production, it is dependent on other sources for a large portion of its requirements

The key raw materials for the production of billets are sponge iron, scarp, pig iron and ferro alloys. VIL largely uses its own produce of sponge iron and power for the production of billets.

Commoditised nature of the key end products makes sales and profits variable; healthy profitability from sale of power however is expected to lend some stability going forward

Sponge iron and billet prices depend on the overall health of the steel industry and specifically long product prices. However the cyclical nature inherent in the steel industry, along with the commoditised nature of these



products makes their realisations highly volatile. VIL's flexibility to sell surplus power provides some support to the overall profitability of the company. The company sells surplus power to private players like Lanco Electric Utility Limited or to the Chattisgarh State Trading Company Limited (CSTCL). VIL generally enters into short term power supply arrangements with the private players and CSTCL, depending on the market rates. Since the cost of power generated is low (a part being generated from waste heat) sale of power is more profitable for the company than sale of

billet/ingot, whose prices also witness a high degree of volatility. Billet/ingot production and sales, going forward, would depend on profitability from sale of steel vis a vis from the sale of power.

Financial position

While analysing VIL's financial position, ICRA has made the following adjustments. There is no impact on VIL's profits for these adjustments.

1. VIL includes interdivisional sale of captive power in its total sales. ICRA has adjusted the company's sales and power cost to the extent of these interdivisional transactions.
2. Sale of scrap, pig iron and ferro alloys, which are adjusted against raw material costs in VIL's annual reports, have been included in the operating income in ICRA's analysis. Consequently, the raw material costs are also higher in ICRA's analysis to the same extent.

Profitability & Earnings:

Table 3: Key profitability indicators

In Rs. crore	FY2007	FY2008	FY2009	FY2010
Operating Income	38.57	71.41	131.34	95.95
OPBDITA	3.26	11.86	14.92	14.47
OPBDITA / OI (%)	8.46%	16.61%	11.36%	15.08%
PAT	0.45	3.43	4.09	3.68
PAT / OI (%)	1.17%	4.81%	3.11%	3.84%
ROCE (%)	8.98%	16.81%	15.37%	13.74%
RONW (%)	3.11%	15.81%	16.43%	11.18%
EPS (Rs/ share)	0.48	3.06	3.63	2.73
DPS (Rs/share)	0.00	0.00	0.50	0.25
Book value per share (Rs/share)	21.13	20.97	23.31	29.38

Source: Annual report

Y-o-Y: Year-on-Year, OI: Operating Income; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortization; PAT: Profit after Tax; RONW: Return on Net Worth; ROCE: Return on Capital Employed; EPS: Earnings per share; DPS: Dividend per share

The operating income has witnessed healthy growth over the period 2006-07 to 2008-09 on the back of the increase in sponge iron capacity over the period, and the commencement of the billet making operations since 2007-08. The annual average realisations from the sale of iron and steel products also witnessed an upward trend during the period. However, the unfavourable steel market conditions since the second half of 2008-09 that continued in 2009-10, coupled with lower billet sales adversely impacted the operating income during 2009-10, which declined by 27% on a Y-o-Y basis. However, the same was supported to an extent by the sale of power during the period. Going forward, the growth in operating income would be largely driven by the increase in sponge iron and power capacities in the short to medium term.

The operating profitability has exhibited considerable variability in the last four years. After the increase in the operating profitability during 2007-08 following the commencement of the billet making facility and the power plant during the year, the same declined in 2008-09 on the back of weak price conditions in the second half of 2008-09. The improvement in 2009-10 to 15.08% from 11.36% in 2008-09 was driven by the higher proportion of external power sales, although sponge iron prices remained at subdued levels for a large part of the year. The net profitability has been impacted due to the high interest costs following the partly debt funded expansion plans undertaken by the company in the past, and high working capital intensity in its operations. The same has moved largely in line with the operating profitability. It is to be noted that despite an improvement in the net profit margins, VIL's profits in absolute terms declined in 2009-10 due to the decline in operating income.

The company's ROCE stood at a subdued level of 13.74% in 2009-10, due to the capital expenditure incurred in the past and during the year, and limited utilization of the same. RONW too suffered and stood at 11.18% in 2009-10 as against 16.43% in the previous year because of the lower profits reported in 2009-10.

Financial leverage:

Table 4: Capital structure

In Rs. crore	FY2007	FY2008	FY2009	FY2010
Total Debt	43.32	59.41	50.53	56.77
Net Worth	19.97	23.54	27.07	40.37
Total Debt / Net Worth	2.17	2.53	1.92	1.43

Source: Annual report

The partly debt funded capital expenditure in the past has resulted in the high debt levels for the company although the capital structure has improved because of profits earned and equity infusion made by the promoter. VIL contracted a total debt to the extent of about Rs 36.50 crore during 2006-07 and 2007-08 for setting up of the 7.5 MW power plant, 36,000 TPA billet making facility and a rolling mill. However, following the management's decision not to go ahead with the rolling mill, the company repaid about Rs 5.00 crore pertaining to the rolling mill project in 2008-09. The company further contracted loans to the extent of Rs 20 crore for the 30,000 tonnes per annum sponge iron unit and 4 MW power plant during 2009-10 and 2010-11. The promoters have also infused equity during the period 2006-07 to 2009-10 to the tune of about Rs 20 crore.

Going forward, the company's working capital requirement is expected to increase due to the capacity additions. VIL, through the proposed IPO proceeds, plans to retire some of its long term debt and meet its long term working capital requirements.

Working capital intensity:

Table 5: Working capital indicators

	FY 2007	FY 2008	FY 2009	FY2010
Debtor days	43	16	10	21
Inventory days	6	27	16	35
Creditor days	36	62	58	29
NWC/OI	36.84%	35.79%	20.01%	25.13%

Source: Annual report

The working capital intensity is high in VIL's business. The company generally maintains raw material inventory of about a month. Given the high bargaining power of iron ore and coal suppliers, VIL has to make advance/spot payments to raw material suppliers. On the other hand, VIL has to extend credit to its customers which increase its working capital requirement. Although the working capital intensity as measured by the net working capital as a percentage of operating income largely indicated a declining trend over the period 2006-07 to 2009-10 following the streamlining of the newly commenced facilities, the same continues to remain high at about 25.13% as on March 31, 2010. This exerts pressure on VIL's overall liquidity position, leading to occasional delays in debt service by the company in the past.

Cash flows:

Table 6: Cash flow indicators

In Rs. crore	FY2007	FY2008	FY2009	FY2010
Fund Flow from Operations (FFO)	-1.88	0.45	13.77	16.31
Gross Cash Flows	-3.04	-3.77	8.32	11.11
Retained Cash Flows	-3.04	-3.77	7.66	10.71
Free Cash Flows	-28.76	-20.33	9.28	-15.38

Source: Annual report

The cash flow from operations improved in the last two years on the back of a fall in the working capital intensity. However, high interest obligations and the capital expenditure incurred impacted the free cash flows during the year 2009-10. The cash flows are expected to be under pressure in the near term due to the increase in the scale of operations, which could impact the overall liquidity position of the company. Going

forward, the company plans to use the proceeds of the IPO to repay a part of the long term debt, and for meeting its long term working capital requirements.

Contingent liabilities

Table 7: Contingent liabilities

Particulars (Amount in Rs. crore)	As on March 31, 2009	As on March 31, 2010
Sales tax related cases	0.04	0.04
Excise duty related cases	1.40	1.93

Source: Annual report

The total contingent liability of VIL stood at Rs 1.97 crore as on March 31, 2010. However, in one excise duty related matter, The Commissioner, Central & Central Excise, Raipur has passed an order dated April 21, 2010, demanding Rs 1.40 crore towards excise duty and also imposed a penalty of an equivalent amount on the company as well as its directors/officials. VIL's total contingent liability therefore increased to Rs 4.04 crore during the current year.

Litigation history

The outstanding litigations involving the company are largely related to exercise duty/sales tax matters. A large part of the same is towards the excise duty claim of about Rs 4.00 crore as detailed above. Outstanding litigations against the promoters/Directors are largely related to excise duty and CENVAT claims against VIL and other group entities.

January 2011



ICRA Limited

An Associate of Moody's Investors Service

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