

**DRAFT RED HERRING PROSPECTUS**

Dated: December 23, 2010

Please read Section 60 B of Companies Act, 1956

Draft RHP will be updated upon RoC filing

100% Book Building Issue

MODERN TUBE INDUSTRIES LIMITED

(Our Company was incorporated in India as "Modern Tube Industries Limited" on July 19, 2006 under the Companies Act, 1956)

(For details of the changes in our Registered Office, see "History and Other Corporate Matters" on page 115 of this Draft Red Herring Prospectus)

Registered Office: Survey No. 873, Near GIDC, Por, Village Ramangamdi, N.H. No. 8, Dist. Vadodara – 391243, Gujarat, India.**Tel:** 91-265-2831676; **Fax:** 91-265-2831811**Contact Person:** Mr. Yogesh Bhatt, Company Secretary and Compliance Officer. **Tel:** 91-265-2831676; **Fax:** 91-265-2831811**Email:** ipo@moderntubes.com; **Website:** www.moderntubes.com**Our Promoter:** Mr. Mahendra Bhansali**THE ISSUE****PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF RS. 0QPER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 0QPER EQUITY SHARE) AGGREGATING TO RS. 6500 LACS ("HEREIN AFTER REFERRED TO AS "THE ISSUE") BY MODERN TUBE INDUSTRIES LIMITED (HEREINAFTER REFERRED TO AS "MTIL" OR THE "COMPANY" OR THE "ISSUER"). THE ISSUE SHALL CONSTITUTE 0Q% OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.****Our Company is considering a Pre-IPO Placement of upto 10,00,000 Equity Shares aggregating upto Rs. [●] Lacs with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.***PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.***The Price Band will be decided by our Company in consultation with our Book Running Lead Manager and advertised at least two working days prior to bid/issue opening date*

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

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above issue price. Any bidder may participate in this Offer through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to "Issue Procedure" on page 204 of this Draft Red Herring Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs. 10/- per Equity Share and the issue price is [●] times of the face value. The Issue Price (as determined and justified by the Issuer, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKSInvestment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the statement of Risk Factors pertaining to Company, its business and this Issue on Page 11 of the Draft Red Herring Prospectus.****ISSUER'S ABSOLUTE RESPONSIBILITY**

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

IPO GRADINGThis issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●], through their letter dated [●]. For further details in this regard please refer "**General Information**" on page 35 of the Draft Red Herring Prospectus.**LISTING**

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

BOOK RUNNING LEAD MANAGER**REGISTRAR TO THIS ISSUE****Aryaman Financial Services Limited**60, Khatau Building, Ground Floor,
Alkesh Dinesh Modi Marg, Fort,
Mumbai – 400 001.

Tel No.: 91 – 22 – 2261 8264 / 8635

Fax No.: 91 – 22 – 2263 0434.

Web: www.afsl.co.in

Email: info@afsl.co.in

Contact Person: Mr. Rajan Vora

SEBI Registration No. INM000011344

LINK INTIME**Link Intime India Private Limited**C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup(W),
Mumbai – 400 078.

Tel. No.: 91 – 22 – 25960320

Fax No.: 91 – 22 – 25960329

Web: www.linkintime.co.in

Email: mtill.ipo@linkintime.co.in

Contact Person: Mr. Sanjay Sud

SEBI Registration No. INR000004058

BID/ISSUE OPENS ON

[●]

BID/ISSUE CLOSES ON

[●]

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

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SECTION I: GENERAL

DEFINITIONS & ABBREVIATIONS

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, “the Issuer”, “the Company”, “our Company” or “MTIL”, unless the context otherwise implies, refers to Modern Tube Industries Limited on a standalone basis. All references to “Rupees”, “Rs.” refer to Indian Rupees, the official currency of Republic of India; references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “Lacs” or “Lakhs” mean “100 thousand” and the word “million” means “10 lakh” and the word “crore” means “10 million” or “100 Lacs” and the word “billion” means “1,000 million” or “100 crores”. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Term / Abbreviation	Description
“We”, “us”, “our”, “the Issuer”, “the Company”, “our Company” or “MTIL”	Unless the context otherwise indicates or implies, refers to Modern Tube Industries Limited.
“Our Promoter”	Unless the context otherwise requires, refers to Mr. Mahendra S. Bhansali,
“Our Promoters Group”	Unless the context otherwise requires, refers to M/s. Manas Capital Services Pvt. Ltd., Usha Bhansali, Suratmalji Bhansali, Mafiben Bhansali, Chetan Bhansali, Riya Bhansali, Ramesh Bhansali, Champalal Vaghela, Pawankumar Bhansali, Avni Bhansali, Dhvani Bhansali, Rakeshkumar Shah & M/s. Mack Steel Co.
“Our Group Companies” or “Our Group Entities”	Manas Capital Services Private Limited & M/s. Mack Steel Co.

Conventional / General Terms

Term / Abbreviation	Description
A/c	Account
Act / Companies Act	Companies Act, 1956 and amendments made from time to time
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	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DIN	Director Identification Number
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
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
FI	Financial Institution
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
Financial Year / Fiscal / FY	Period of twelve months ended 31 st March of that particular year
GDP	Gross Domestic Product
GIR No.	General Index Registry Number
GOI	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
IT	Information Technology
IT Department	Income Tax Department
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn / mn	Million
MoU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NPA	Non Performing Assets
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	Per Annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBDT	Profit before Depreciation and Tax
PBIDT	Profit before Interest Depreciation and tax
PBT	Profit before tax
PIO	Persons of Indian Origin
P/E Ratio	Price Earnings Ratio
RBI	The Reserve Bank of India
RoC	Registrar of Companies
ROI	Return on Investment
RONW	Return on Net Worth
Rs / INR	Indian Rupees
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time



SEBI	The 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state of India
Stock Exchange(s)	BSE and/or NSE as the context may refer to

Issue Related Terms

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



CAN / Confirmation of Allotment Note	The note or advice or intimation of allotment of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalized by the Company in consultation with the BRLM. Only Retail Individual Bidders and Employees applying under Employee Reservation Portion who are applying for a maximum bid amount not exceeding Rs. 2,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs. 2,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Ahmedabad, Gujarat, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employee, Employees or Eligible Employees (in the Employee Reservation Portion)	A permanent and full-time employee or a Director of the Company, as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid- cum-Application Form. They do not include employees of the Promoters and the Promoter Group
Employee Reservation Portion	The portion of the Issue, being a maximum of 2,00,000 Equity Shares which is not exceeding 5% of the post issue capital of the Company, available for allocation to the Employees, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.



Issue	The issue of [●] Equity Shares of Rs. 10 each fully paid up at the Issue Price of Rs. [●] aggregating Rs. 6500 Lacs.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, subject to any addition of Equity Shares pursuant to any under subscription under the Employee Reservation Portion.
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 200,000/-.
Non Institutional Portion	The portion of this Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares of Rs. 10/- each aggregating Rs. [●] Lacs, available for allocation to Non Institutional Bidders.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: i. with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and ii. with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. [●] and the maximum price ("Cap Price") of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Ahmedabad, Gujarat containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing 100% of the Bid Amount.
QIB Portion	Consists of [●] Equity Shares of Rs. 10 each aggregating Rs. [●] lacs being upto 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only



Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Ahmedabad, Gujarat at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Ahmedabad, Gujarat after pricing date.
Registrar / Registrar to this Issue	Link Intime India Private Limited
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to Rs. 2,00,000 in any of the bidding options in this Issue.
Retail Portion	Consists of [●] Equity Shares of Rs. 10/- each aggregating Rs. [●] Lacs, being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the Board.
Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	[●]
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.



Company Related Terms

Term / Abbreviation	Description
Articles / Articles of Association / AoA	The Articles of Association of Modern Tube Industries Limited
Auditors	The statutory auditors of our Company, M/s. Janardan Tamboli & Co., Chartered Accountants.
Board / Board of Directors	The Board of Directors of Modern Tube Industries Limited
Director(s)	The Director(s) on the Board of Modern Tube Industries Limited
Group Companies	Includes those companies, firms and ventures promoted by our Promoters
Independent Auditor	Auditor holding a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India and who would certify the restated financials presented in this offer document. In this case being, M/s. Vikas A. Manohar & Co., Chartered Accountants.
KMP	Key Managerial Personnel
Memorandum / MoA	The Memorandum of Association of Modern Tube Industries Limited
Registered Office	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No.8, Dist-Vadodara 391 243, Gujarat, India.

Industry Related Terms

Term / Abbreviation	Description
AC	Alternate Current
Acre	a unit of area (43,560 square feet)
AISI	American Iron & Steel Institute
ASTM	American Society for Testing and Materials
ASME	American Society Of Mechanical Engineers
CAGR	Compounded Annual Growth Rate
CCD	Charge Coupled Device
CFL	Compact Fluorescent Lamp
CIA	Central Intelligence Agency
CIF	Cost Insurance and Freight
CSO	Central Statistical Organisation
DC	Direct Current
DG Set	Diesel Generator Set
DIN	Director Identification Number
DRI	Direct Reduced Iron
DSL	Down Shop Lead
ECT	Eddy-Current Test Machine of Techno-Four
EFW	Electric Fusion Welded
EME	Emerging Market Economies
EN	English Numbers
EOT	Electric Overhead Travelling
ERW	Electric Resistance Weld



FOB	Free On Board / Freight On Board
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation
GOI	Government of India
GPCB	Gujarat Pollution Control Board
HCHC / HCHCR	High Carbon High Chromium
IIP	Index of Industrial Production
IMF	International Monetary Fund
ISA	Industry Standard Architecture
JIS	Japanese Industrial Standards
KVA	Kilo Voltage Ampere
KW	The kilowatt is equal to one thousand watts. This unit is typically used to express the output power of engines and the power consumption of electric motors
LPG	Liquefied Petroleum Gas
MS	Mild Steel
MT	Metric Tonne
MTIL	Modern Tube Industries Limited
MTPA	Metric Tonne per Annum
NDT	Non Destructive Testing
NOC	No Objection Certificate
PMI	Positive Material Identification
PP	Poly propylene
PPM	Parts Per Million
RBI	Reserve Bank of India
RCC	Reinforced Cement Concrete
RSC	Rolled Steel Channel
SAIL	Steel Authority of India Limited
SCP	Solaris CCD Plus
SS	Stainless Steel
TIG Welding Process	Tungsten Inert Gas (TIG) welding is an arc welding process that uses a tungsten electrode to produce the weld. The weld area is protected from atmospheric contamination by a shielding gas (usually an inert gas such as argon), and a filler metal is normally used, though some welds do not require it.
TIG/MAW	Tungsten Inert Gas



PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from the Company's restated financial statements as of and for the three months period ended June 30, 2010 and year ended March 31, 2010, 2009, 2008 and 2007 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the Auditors Report on page 137 of this Draft Red Herring Prospectus.

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

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

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

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

For additional definitions, please refer to "Definitions and Abbreviations" on Page no. 1 of this Draft Red Herring Prospectus. In the Section titled 'Main Provisions of the Articles of Association of our Company' on Page no. 238 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.



FORWARD LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in technology in future;
- Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Variations in exchange rates;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page no 11, 90 and 160 respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the 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 SEBI / Stock Exchange requirements, the Company and Book Running Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.



SECTION II: RISK FACTORS

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

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

In this section, a reference to the "Company", "we", "us", or "our" means Modern Tube Industries Limited.

Materiality

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

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

Note:

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

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

INTERNAL RISK FACTORS

Risks relating to our operations

- 1. We, and our Promoters, are involved in certain legal and other proceedings that if determined against us, and our Promoters, could have a material adverse effect on our financial condition and results of operations.***

We, and our Promoters, are currently involved in a number of legal and other proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. If any new developments arise, for example a change in Indian law or rulings against us by appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in such proceedings adverse to our interests may have a material adverse effect on us, our results of operations and business prospects.

A brief summary of the outstanding legal and other proceedings is provided below:



Particulars	No. of Cases	Financial Implications (to the extent quantifiable) (Rs. in Lacs)
Civil Cases filed against the Company	2	1.50
Civil Cases initiated by the Company	1	18.70

For details regarding these legal matters please refer section titled “Outstanding Litigations & Material Developments” on page 181 of this Draft Red Herring Prospectus.

2. *The Deputy Director of Income Tax (inv), Baroda had conducted a survey of our premises under section 131 (1A) of the Income Tax Act, 1961 on 18th December, 2009. Certain undisclosed income/assets were found and the company was asked to regularize the same.*

Our Company had received summons dated 18th December, 2009 from the Deputy Director of Income Tax (Ive)-II, Baroda under section 131 (1A) of the I.T.Act,1961 for the survey of our premises. In the proceedings of the survey, the concerned officers disputed the value of the physical inventory of our Company and that the inventory was not disclosed at its fair value in the books of accounts. The Survey Team directed us to declare an addition of Rs. 200 lacs to our inventory on account of variation in stock valuation and increased our profitability to a total of Rs. 336.65 Lacs directing us to recognize Rs. 100 lacs as total tax liability on this income.

Following this, our company filed a written submission before the Chief Commissioner of Income Tax, Vadodara dated 24th February 2010 stating that the statement taken by survey team from the company u/s 131(1A) was taken forcefully and that we did not completely agree with the total tax liability imposed by the department. However, we have agreed to the addition of up to Rs. 200 Lacs and shown the same in our income statement as “Survey Stock” and accepted the tax liability on the same.

The matter has been accepted by the DDIT (inv) and transferred back to respective assessing officer and there is no disputed tax liability with respect to said survey as on date.

However, there can be made no assurance that no further liability will arise from this issue or such incidents in the future will not hamper our reputation and business operations.

3. *We face certain challenges because of our limited operating history in the highly competitive Stainless Steel market, which may affect our future performance.*

Companies in their initial stages of development present substantial business and financial risks and may present a comparatively higher investment risk. We have started our business in 2006-07 and as a result of our short operating history; we may not be able to command the goodwill and trust of market intermediaries, corporate buyers, and other regulatory bodies as compared to other existing players such as Jindal Group, Suraj Stainless, Ratnamani Metals and Tubes etc. Also, we would not have the corporate experience and acumen that existing firms having more experience in this field possess and may not be able to react to market trends and cycles as efficiently as them.

Even though in a short span of only 3 years we have been successful in obtaining various third party certifications and vendor registrations from renowned companies such as Tata Projects, GNFC, Nuclear Power Corporation of India, Bharat Heavy Plates and Tubes, East Coast Railway, Engineers India Limited, etc. there can be made no assurance that our limited operating history will not affect our speed of growth and our ability to manage such a major capacity expansion.

4. *We require a number of approvals, licenses, registrations and permits pertaining to our current as well as proposed business activities. Failure to obtain or renew them in a timely manner or at all may adversely affect our operations and results.*

Our current and proposed projects require certain key approvals and/or documents from various government entities at the Indian central and state government level. These include Municipal approvals for building



factory at the new land purchased, Environmental Clearances, FIPB Approval for Foreign investments, Approval / Consents to operate Tube Mills, Pilger Machines, Draw benches, Hydraulic Press, Furnaces, etc of respective capacities from local and central bodies, etc. Some of these approvals have been received but may be up for renewal soon, some are applied for and are awaited and some others shall be applied for at a later stage as and when required.

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

For further details regarding the current status of various Government and other key approvals see “Government & Other Key Approvals” beginning on page 184 of this Draft Red Herring Prospectus.

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

The contingent liabilities not provided for as on June 30, 2010 are as follows:

Particulars	Amount (Rs. in Lakhs)
Letters of Credit issued by Bank Outstanding	500.88
Bank Guarantees	19.38

In the event, any of the above contingent liabilities materialize it may have an adverse effect on our financial condition and future financial performance.

6. *There were certain qualifications in our earlier year’s Audit Report, which even though rectified may have a bearing on our reputation and business operations.*

Our earlier auditors – M/s. Shah & Bhandari, Chartered Accountants have qualified their Annual Audit Reports for the year ended 2008 and 2009 with respect to our weak internal control systems, incomplete register under 301 of the Companies Act, 1956 and certain contraventions of Section 58A & 58AA of the Companies Act, 1956. Even though the same have been rectified and no such qualifications appear in our latest Audit report for F.Y. ended March 31, 2010, there can be made no assurance that these qualifications will not affect our future operational activities.

7. *Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take actions to grow our business.*

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our borrowings. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks and financial institutions for various activities, including, among others, change in capital structure, issue of equity, preferential capital or debentures, raising any deposits, selling or transferring any part of our business, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Furthermore, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends in case of any default in debt to such lenders.

For details of these restrictive covenants, see the chapter titled “Financial Indebtedness” on page 171 of this Draft Red Herring Prospectus.



8. The capacity of the current plant is not fully utilized and this could impair our ability to fully absorb fixed costs.

The capacity of various product types at our current Plant have not been fully utilised over the last three financial years, the details of which are as follows:

	(in MT's)		
Product Type	F.Y. 2008	F.Y. 2009	F.Y. 2010
Seamless Tubes and Pipes			
Annual Installed Capacity	200	800	800
Capacity Utilized	38	161	792
% Utilization	19%	20%	99%
Big Pipe Plant			
Annual Installed Capacity	-	1200	1200
Capacity Utilized	-	100	357
% Utilization	-	8%	30%
Other Welded Tubes and Pipes			
Annual Installed Capacity	1000	5200	5200
Capacity Utilized	154	545	1680
% Utilization	15%	10%	32%

Failure of optimum utilization our capacities could impair our ability to fully absorb our fixed costs.

9. Our success depends upon our senior management team and skilled personnel and our ability to attract and retain such persons. Any failure to attract and retain such personnel could have an adverse impact on our business, financial conditions and results of operations

Currently, we depend on senior executives and other key management members to implement our projects and our business strategy. If any of these individuals resign or discontinues his or her service and is not adequately replaced, our business operations and our ability to successfully implement our projects and business strategies could be materially and adversely affected.

Competition for management and industry experts in the industry is intense. Our future performance depends on our ability to identify, hire and retain key technical, support staff, engineers, and other qualified personnel. Failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

10. There have been negative operating cash flows for each of the last four years. Any future negative cash flows could affect our liquidity and financial position.

We have reported negative operating cash flows of Rs. 105.56 Lacs, Rs. 276.39 Lacs, Rs. 127.40 Lacs, and Rs. 936.33 Lacs for the financial years ended 2007, 2008, 2009 and 2010 respectively as compared to a positive profit before tax of Rs. 120.26 Lacs, Rs. 213.90 Lacs, 51.91 Lacs, and Rs. 336.65 Lacs respectively for the respective periods. These differences were mainly on account of increase in inventory holding, receivable levels and advances to suppliers. In the event that our future operating cash flows continue to be negative it may hamper our ability to meet our financial obligations. For further details please refer to chapters titled "Management Discussion and Analysis of our Financial Condition and Results Of Operations" and "Auditor's Report" beginning on page 160 and 137 respectively of this Draft Red Herring Prospectus.



11. We have issued following shares in the last one year prior to the date of this Draft Red Herring Prospectus, which could have been issued at a price lower than the issue price.

Following shares have been issued in the last one year:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Consideration
25/01/2010	10,000	10	100	Further Allotment	Cash
25/03/2010	10,25,000	10	30	Further Allotment	Cash
20/09/2010	51,27,750	10	-	Bonus Issue in the ratio of 3 bonus shares for every 2 shares held.	Bonus
11/11/2010	34,18,500	10	-	Bonus Issue in the ratio of 2 bonus shares for every 5 shares held.	Bonus
16/11/2010	5,00,000	10	30	Further Allotment	Cash
Total	1,00,81,250				

The above mentioned shares could have been issued at a price lower than the issue price.

12. There are no long term sales contracts with our customers and we face risks associated with uncertainty of sales orders.

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

13. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees / workers or any other kind of disputes with our employees / workers.

We operate in a labour intensive industry. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. We enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although we do not engage all of the labourers directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to retain such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business and results of our operations.

14. Our Company has in the past entered into related party transactions and may continue to do so in the future.

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



will not have an adverse effect on our Company's financial condition and results of operations. For further information on our Related Party Transactions, please refer to "Annexure XIV" of the "Auditors Report" on page 154 of this Draft Red Herring Prospectus.

15. Our Promoters and Promoters Group members will continue to retain majority shareholding in us after the Issue, and will hence control various business and policy decisions of the company.

100% of the issued and outstanding Equity Shares are currently beneficially owned by our Promoter and Promoters Group. Upon completion of the Issue, our Promoters and Promoter Group will own [●] Equity Shares, or [●] % of our post-Issue Equity Share capital. Accordingly, our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoter as our Company's controlling shareholder could conflict with our Company's interests or the interests of its other shareholders. We cannot assure you that the Promoter will act to resolve any conflicts of interest in our Company's or the minority investor's favour.

16. We require substantial capital for our business operations, and the failure to obtain additional financing in the form of debt or equity may adversely affect our ability to grow and our future profitability.

Our business is highly capital intensive, requiring substantial capital for our business operations. The actual amount and timing of our future capital requirements may also differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our project, change in business plans due to prevailing economic conditions, unanticipated expenses, regulatory changes, and engineering design changes. To the extent our planned expenditure requirements exceed our available resources; we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest cost and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per share and adversely impact our share price.

Our ability to obtain additional financing on favorable commercial terms, if at all, will depend on a number of factors, including:

- our future financial condition, results of operations and cash flows,
- the amount and terms of our existing indebtedness,
- general market conditions and market conditions for financing activities of Steel companies, and,
- economic, political and other conditions in the markets where we operate

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our planned capital expenditure, business and results of operations, including our growth prospects.

17. We do not currently own the premises at which both our marketing offices are located, as the same are on lease arrangement. We may face problem of relocation in case of termination of lease and the same may incur higher costs.

The premises at which both our marketing offices are located are not owned by us. We have lease arrangement with our promoter group entity - Mr. Rameshkumar Bhansali for the first marketing office premises located at 102, Avanti Chambers, Behind Express Hotel, Alkapuri, Vadodara – 390007 and we pay rent for the occupation of these premises of Rs.12,000 to the lessor. The lease is valid upto 2012. Similarly the premises at which our second marketing office is located is also not owned by us. We have lease arrangement with Mr. Vallabh Mehta for the marketing office premises located at 57, Old Sonawala Building,



1st Floor, Office No. 19, C. P. Tank, Mumbai – 400 004 and we pay rent for the occupation of these premises of Rs. 12,000 per month to the lessor. The lease is valid upto 2012.


The lease may be renewed subject to mutual consent of the lessor and us. In the event that the lessor requires us to vacate the premises, we will have to seek new premises at short notice and for a price that may be higher than what we are currently paying, which may affect our ability to conduct business or increase our operating costs.

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


As on March 31, 2010 and June 30, 2010 we have outstanding unsecured loans to the extent of Rs. 54.27 lacs and Rs. 43.65 lacs respectively which have been taken in a normal course of business. Such unsecured loans may be recalled by the lenders at any time which may affect our business and liquidity conditions.

19. Our Promoter, Mr. Mahendra Bhansali has given a personal guarantee in relation to certain debt facilities provided to us.

Our Promoter, Mr. Mahendra Bhansali has given a personal guarantee in relation to certain debt facilities provided to us. In the event the same are withdrawn or terminated, the lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

20. Our applications for registration of “Modern Tube Industries Limited” or the logo “” as a brand or trademark under Trademark Act are currently pending. Our inability to protect our brand name and brand identity could have an adverse effect on our business prospects.

We believe that one of the principal factors that differentiate us from our competitors in the Stainless Steel Tube & Pipes Industry is our brand name and brand identity. If we do not maintain our brand name and identity and fail to provide high quality products, we may not be able to maintain our competitive edge. If we are unable to compete successfully, we could lose our customers, which would negatively impact our financial performance and profitability.

We have applied for registration of ‘Modern Tube Industries Limited’ and our company’s logo “” as trademark (TM-1) under Class 6 of the Act, at the office of Registrar of the Trademark, Ahmedabad, Gujarat on 22/10/2010 and the application number is 2042488. The application is pending for approval.

We are hence subject to duplicity of our brands and in case someone else registers the same, we may be forced to change our branding and other sales and marketing material which shall result in increased expenditure and loss of goodwill in the market. This could hence, materially affect our results of operations.

21. Some of our agreements may have not been adequately stamped and/or signed making them inadmissible as evidence in the court of law and as a result of which our operations may be impaired.

Due to the vast expanse of our business involving interaction at various levels with various third parties, it is probable that some of the agreements which we have entered into might be inadequately stamped. As a result of this, these documents might be inadmissible as evidence before a court of law.

Moreover, our Company has been paying rent in respect of leave and license agreements entered into by it. The leave and license agreements may be inadequately stamped or un-registered, the effect of which is that the document may not be admissible as evidence in legal proceedings, and parties to that agreement may be unable to legally enforce the same, except after paying a penalty for inadequate stamping.



22. We face substantial competition in the steel industry, both from Indian and international companies, which may affect our revenues in case we are not able to obtain customers and orders.

We will face significant competition from existing players and potential entrants in the Indian Stainless Steel and pipes and tubes industry. In foreign markets, where we are new entrant; we will face competition from internationally established players. Further, we will face significant competition mainly from large vertically integrated and diversified companies in Stainless Steel pipes and tubes industry. Some of our Indian and International competitors are larger than us and have greater financial resources.

The current high demand and prospects for steel manufacturing businesses could lead to other companies increasing their production capacity in these segments. Some existing and new players are already in the process of expanding capacity or setting up plants in the country. This could result in excess capacity in the market.

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

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

24. Our Company's business could be greatly affected by price volatility, which is largely the result of high fixed costs characteristic of the steel industry

The production of steel is capital intensive, with a high proportion of fixed costs to total costs. Consequently, steel producers generally seek to maintain high capacity utilization. If capacity exceeds demand, there is a tendency for prices to fall sharply if supply is largely maintained. Conversely, expansion of capacity requires long lead times so that, if demand grows strongly, prices increase rapidly, as unutilized capacity cannot be brought on line as quickly. The result can be substantial price volatility. While our Company has taken steps to reduce operating costs, we may be negatively affected by significant price volatility, particularly in the event of excess production capacity in the global steel market, and incur operating losses as a result.

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

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

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

Although we exercise centralized control, being a single point manufacturing facility will prove to be disadvantageous at times because of any disruption on account of labor unrest, power failures, natural



calamities, or civic unrest. Our operations will have to be stalled which will impact our production, delivery of goods and financial results. Also any changes in market dynamics in the Stainless Steel industry whereby the new market is far from our existing location shall increase our risk of being non-competitive due to lack of geographical diversification.

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

Improper handling of processes may result in accidents which could cause injuries to our employees, workers and cause damage to properties. Our manufacturing processes include working with heavy machinery which may cause accidents if not handled correctly. Our processes also include working with various hazardous elements as well as acids which may cause injury to our workers and employees if not handled with due care. Further, our manufacturing plant also houses a furnace which may expose us to the threats of fire in case of mishaps. These issues along with overhead cranes which carry heavy loads may cause accidents. Although, we have not had any major mishap till date, any mishaps under these conditions may lead to unestimatable losses to the company and its personnel.

Our Company has taken insurance policies which cover certain on site accidents and other such incidents but no assurance can be given regarding the claim procedure and disbursement of funds for the same. For further details pertaining to our Insurance Coverage see “Insurance” in the section titled “Our Business” on page 105 of this Draft Red Herring Prospectus.

Risks pertaining to the Objects of the Issue

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

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

29. We propose to augment our production capacity by adding different size and ranges of products to our existing portfolio of manufacturing activities at our existing facilities at Por. We do not have any prior experience in the manufacture and marketing of these products, and hence we are unable to assure you that the venture shall be as successful as our existing line of businesses.

We propose to add additional machinery in the form of pilgers, tube mills and other equipments at our existing manufacturing plant at Por, which will increase our range of products with respect to size and quality. Automated Welded Machines for large size pipes, and other range of products proposed to be manufactured are new verticals in our product line and we have no prior experience in manufacturing the same. Consequently, we are unable to assure you that we shall be able to market the same successfully. Our failure to successfully operate the new manufacturing activities would fail to generate a positive return on investment and adversely affect our results of operations.

30. The completion of our Proposed Projects is dependent on performance of external agencies and any shortfall in the performance of these external agencies may adversely affect our expansion plans.

The completion of our Proposed Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect our expansion plans.



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

We propose to purchase plant & machinery worth Rs. 3571.49 Lacs and other fixed assets worth Rs. 100.00 Lacs from the proceeds of this Issue. Out of which we have procured Plant & Machineries and other fixed assets worth Rs. 289.38 lacs and placed an order for machinery worth Rs. 336.70 lakhs as well as given an advance of Rs. 109.60 Lakhs for the same. We have not yet placed orders for the balance plant & machinery worth Rs. 3039.40 lacs as specified in the section 'Objects of the Issue'. Any delay in procurement of plant & machinery, equipment, etc may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of plant & machinery and other equipments that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company. Further, our working capital requirements based on proposed expansion have not tied-up.

32. Under-utilisation of our proposed expanded capacities may adversely impact our financial performance

We propose to expand our production capacities based on our estimates of market demand and profitability. In the event of non-materialization of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilised thereby adversely impacting our financial performance.

33. In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of our Projects which would in turn affect the revenues and results of operations of our Company

The funds that our Company receives would be utilized for the objects of the issue as has been stated in the section titled "Objects of the Issue" on page 54 of the Draft Red Herring Prospectus. The proposed schedule of implementation of our Project is based on our management's estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may face time and cost overruns and this may affect our revenues and results of operations.

EXTERNAL RISK FACTORS

34. Disruption in services of third party transport providers may affect our business operations.

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

35. Competition from other domestic producers and new entrants may adversely affect our competitive position and our profitability.

We face competition from other existing domestic producers and potential entrants to the industry in which we operate that may adversely affect our competitive position and our profitability. Loss of market share and competition may adversely affect our profitability. We also face competition for customers from other small players in the market. We expect competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively.



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

Prominent Notes

1. We may have issued Equity Shares within the last twelve months from the date of the Draft Red Herring Prospectus at a price lower than the Issue Price. We have also issued bonus shares in the last twelve months. For details regarding the same see "Capital Structure" beginning on page 43 of the Draft Red Herring Prospectus.
2. This is a public Issue of [●] Equity Shares, for cash at a price of Rs. [●] per Equity Share, aggregating up to Rs. 6500 Lacs. The Issue will constitute [●] % of the post-Issue paid-up capital of our Company. Our Company is considering a Pre-IPO Placement of upto 10,00,000 Equity Shares out of the Issue



with certain investors. Our Company may complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Issue being at least 25 % of the fully diluted post-Issue paid up capital of our Company.

3. The net worth of our Company was Rs. 1557.78 Lacs as of June 30, 2010. The book value of each Equity Share was Rs. 45.57 as of June 30, 2010 as per the restated financial statements of our Company. For more information, see the section “Auditors Report” beginning on page 137 of the Draft Red Herring Prospectus.
4. The average cost of acquisition of per Equity Shares by our Promoter Mr. Mahendra Bhansali, which has been calculated by taking the average amount paid by him to acquire our Equity Shares, is Rs. 4.85/-.
5. For related party transactions, see the section and “Related Party Transactions appearing in Annexure XIV of “Auditors Report” on page 154 of the Draft Red Herring Prospectus.
6. Except as disclosed in “Capital Structure”, “Our Promoters and Promoters Group” and “Our Management” beginning on pages 43, 131 and 118 respectively, of the Draft Red Herring Prospectus, none of the Promoters, Directors or key managerial personnel has any interest in the Company.
7. Except as stated in “Capital Structure” on page 43 of the Draft Red Herring Prospectus, we have not issued any shares for consideration other than cash.
8. The Issue is being made under Regulation 26(1) of the SEBI ICDR Regulations through a Book Building Process wherein not more than 50% of the Issue to the Public shall be available for allocation on a proportionate basis to QIBs, out of which 5% (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Undersubscription, if any, in the Mutual Funds portion will be met by a spillover from the QIB portion and be allotted proportionately to the QIB Bidders. 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.
9. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Investors, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please see “Terms of the Issue” beginning on page 198 of the Draft Red Herring Prospectus.
10. Under-subscription in the Issue, if any, in any category will be met by spill over from other categories at the discretion of our Company in consultation with the BRLM.
11. Investors may contact the BRLM or the Compliance Officer for any clarification / complaint or information relating to the Issue, which shall be made available by the BRLM and the Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the BRLM and the Compliance Officer, please see “General Information” beginning on page 35 of the Draft Red Herring Prospectus.
12. Investors are advised to also see “Basis of Issue Price” beginning on page 69 of the Draft Red Herring Prospectus.



13. Trading in Equity Shares for all investors shall be in dematerialized form only.
14. There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.
15. There has been no change in the name of our company since incorporation.
16. Except as disclosed in the section titled “Our Promoters and Promoters Group” beginning on page 131 of this Draft Red Herring Prospectus, none of the group companies have any interests in the issuer company.



SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

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 BRLM or their respective legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. 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. For further details in relation to our industry, see "Industry Overview" on page 82.

Steel Industry performance and growth outlook

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

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

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

Source: JPC

* = Provisional (Apr – Dec (9 month period))

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

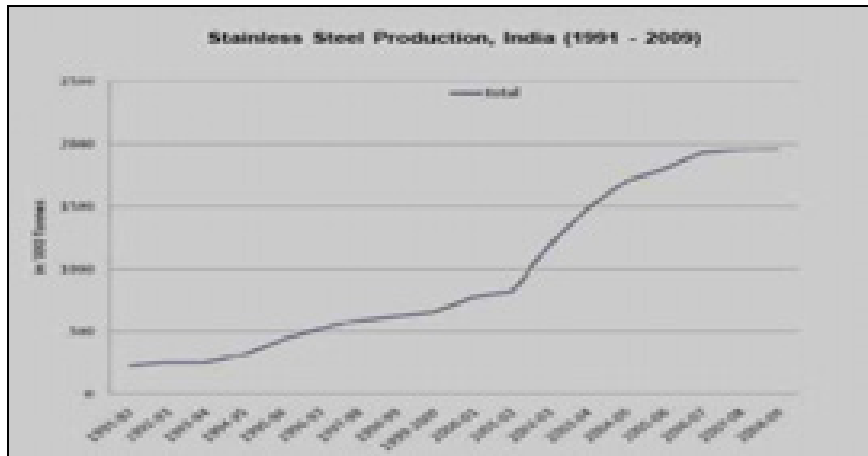
India was the fifth largest producer of crude steel in the world in 2009, based on rankings released by World Steel Association. Domestic crude steel production grew at a compounded annual growth rate of 8.6 per cent during 2004-05 to 2008-09. This growth was driven by both capacity expansion (from 47.99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

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



Production of Stainless Steel in India

As shown in the illustration below, the production of stainless steel in India has grown from around 2,50,000 tonnes in 1991-92 to approximately 20,00,000 tonnes in 2008-09 showing a CAGR of around 13% p.a.



(Source:<http://www.stainlessindia.org/UploadPdf/20th%20Anniversary%20Special%20Issue%20-SI.pdf>)

Stainless Steel Pipe and Tubing

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

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

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

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

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

Other fields where stainless steel pipe and tubing are used are: aviation, electronics, automotive, cryogenic, marine, air conditioning, medical, architectural and textiles. In India manufacturing of Stainless Steel Welded



pipes started in 1971 in 1981 the manufacturing of seamless tubes was initiated, and in 1993 manufacturing of hot finish hollows was started.

The global size of stainless steel is approximately 28 million tons, while the domestic size of stainless steel is 2 million tons in India.

(Source: http://www.indpipe.com/images/PDF/stainless_steel_pipe_specification.pdf)

Industry Outlook

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



SUMMARY OF OUR BUSINESS

Investors should note that this is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information in “Risk Factors” and our “Restated Financial Information” and related notes on pages 11 and 137, respectively, before deciding to invest in our Equity Shares.

OVERVIEW

We are engaged in the manufacturing of high quality stainless steel seamless and welded tubes, u-tubes & pipes as well as the export-import of sheets, coils, seamless tubes in all AISI and ASTM standard and grades on made to order basis as well as on standard stock basis. Starting with an initial capacity of 180 metric tons per annum in 2006, today we have an annual installed capacity of 7200 metric tons per annum. Our products are exported to over 10 countries across the globe including the USA, UK, Canada, and various countries in South-East Asia.

Our six acre manufacturing plant is located near GIDC, Por, Vadodara and is adjacent to National Highway No. 8, which connects New Delhi to Mumbai and passes through state capitals like Gandhinagar & Jaipur as well as other cities like Surat & Ahmedabad.

Our Management Systems have been certified to be in compliance with ISO 9001:2008 by Bureau Veritas Certification (I) Pvt. Ltd. Also, the quality of products engineered by us are approved and certified by large engineering and infrastructure companies such as Bureau Veritas, Germanischer Lloyd, Inspectorate Griffith India Pvt. Ltd, Det Norske Veritas AS, etc.

Our Revenues have grown from Rs. 781.59 Lacs in fiscal 2006-07 to Rs. 10690.29 lacs in fiscal 2009-10, at a CAGR of 139.15%. Our earnings before interest, tax, depreciation and amortization have increased from Rs. 131.92 Lacs in 2006-07 to Rs. 703.65 lacs in 2009-10, at a CAGR of 74.72%. Our profit after tax has increased from Rs. 18.25 lacs in fiscal 2006-07 to Rs. 236.03 lacs in fiscal 2009-10, at a CAGR of 134.73%.

Further, to improve the operations, we have decided to undergo expansion of the plant's capacity by adding different sizes as well as by further augmenting current product capacities at the existing manufacturing facility. With the same, we plan to achieve an installed capacity of 14,400 metric tons.

OUR COMPETITIVE STRENGTHS

We are in the business of manufacturing stainless steel welded & seamless pipes and tubes. We are an ISO 9001-2008 certified Company are proud recipients of various third-party certifications. We believe that following are our principal competitive strengths:

Qualified and Experienced Management Team:

Our Company is managed by a team of professionals led by the Managing Director - Mr. Mahendra Bhansali and our Executive Director – Mr. Himanshu Sharma. Our Executive Directors and Key Managerial Team have requisite qualifications and significant industry experience and this has been instrumental in the consistent growth of our Company's financial and operational performance. For further details regarding our executive directors and key managerial team see “Our Management” on page 118 of this Draft Red Herring Prospectus.

Relationships with Established Players in Industry:

Our customer base includes a diverse set of industries including Chemicals, Pharmaceuticals, Petrochemicals, Power, Dairy, Oil & Gas Explorations, Synthetic Fiber, Sugar, Paper, Rayon, etc. We enjoy credible relationship with M/s. GNVFC Limited, M/s. Bombay Dyeing Ltd., M/s. Grasim Industries Ltd, M/s. Birla Cellulose Ltd., M/s. Reliance Industries Ltd., M/s. Reliance Petroleum Ltd., M/s Tata Chemicals Ltd., etc. The Company is well poised to benefit from these healthy business relationships with key industry players enabling the Company to procure regular orders and other networking benefits.

***Existing Orders:***

Currently, we are executing Orders from key players such as Maxim Tube Limited, Essar Heavy Engineering Services, IAF Marking, L&T, Gujarat State Fertilizers & Chemicals Ltd., etc. Apart from these, there have been numerous Enquiries also which may be converted into orders later. These have been received from existing clients like Gujarat Narmada Valley Fertilizers Company Limited, Torrent Pharmaceuticals Limited as well as from new prospective customers like BHEL (Hyderabad), D.A.E. (Tarapur & Chennai), Buhalmann Rohr Fittings (Germany) and Larsen & Toubro Limited (Chennai). Experience of handing such orders would give us a competitive advantage and increase stability for our future operations.

Multiple Products:

The Company manufactures a wide range of products based on the customer specifications. This allows the Company to cater to the diverse demands of its customers and to consolidate and establish its presence across geographical regions and other customers from diverse industrial segments.

Locational Advantages:

Our units are situated near GIDC Por (Gujarat) which is well connected by road and rail and is in close proximity to Vadodara City. It is at a distance of about 24 Kms from Vadodara and is located on National Highway – 8 connecting Mumbai to Vadodara. Apart from that, the nearest railway station is 'Itola' on the Western Railway which gives it easy access to New Delhi, Mumbai & Ahmedabad. This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.

Focus on Quality Assurance:

All our products adhere to national and international standards and go through exhaustive R&D, rigorous inspection by trained and experienced personnel. Thus the consistencies achieved in the high quality of our products provide a vital edge to our company. Apart from that, we also have a sophisticated testing facility to carry our Eddy-Current and Radiography Tests on our products as per International Specification requirements. Other tests such as Corrosion Test, Flange Test, Hardness Test, PMI Test, Flattening Test, Reverse Flattening Test, Faring Test, Tensile Test, Hydro Test, Chemical Test, Pneumatic Test, etc help us maintain the required quality.



SUMMARY OF OUR FINANCIAL INFORMATION

Summary Statement of Assets and Liabilities, As Restated

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at June 30, 2010
1	Fixed Assets:					
	Gross Block	514.10	1,462.41	1,686.85	1,774.24	2024.22
	Less: Depreciation	2.84	33.27	109.40	187.86	210.66
	Net Block	511.26	1,429.14	1,577.45	1,586.38	1813.56
	Add: Capital Work in Progress and Advances on Capital Account	43.20	-	-	51.31	179.39
	Total	554.46	1,429.14	1,577.45	1,637.69	1992.95
2	Investments	-	-	-	-	-
3	Current Assets, Loans and Advances:					
	Inventories	237.88	914.79	1289.7	1333.38	907.30
	Sundry Debtors	563.63	1,639.14	1,248.22	3,162.23	4928.87
	Cash and Bank Balances	0.18	8.07	26.26	147.98	54.53
	Loans and Advances	39.90	234.19	172.03	176.40	270.97
	Other Current Assets	-	-	-	-	-
	Total	841.59	2,796.19	2,736.21	4,819.99	6161.67
4	Liabilities and Provisions:					
	Secured Loans	443.23	1,764.84	2,111.23	3,231.07	2806.61
	Unsecured Loans	58.31	43.97	273.07	54.27	29.59
	Deferred Tax Liabilities	80.39	134.87	150.72	173.45	193.02
	Current Liabilities and Provisions	613.21	1865.88	1191.67	1528.64	3567.63
	Total	1,195.14	3,809.56	3,726.69	4,987.43	6596.85
5	Net Worth	200.91	415.77	586.97	1,470.25	1557.77
6	Represented by					
	Equity Share Capital	11.10	157.20	203.35	341.85	341.85
	Share Application Money Pending Allotment/Refund	166.23	105.05	1.00	0	0
	Reserves & Surplus:	25.80	165.93	394.73	1,136.71	1223.28
	- General Reserve Account	-	-	-	-	-
	- Share Premium Account	-	-	199.80	728.80	728.80
	- Profit and Loss Account	25.80	165.93	194.93	407.91	494.48
	Less: Revaluation Reserve	-	-	-	-	-
	Reserve (Net of revaluation reserves)	25.80	165.93	394.73	1,136.71	1223.28
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	2.22	12.41	12.11	8.31	7.36
7	Net Worth	200.91	415.77	586.97	1,470.25	1557.77

Refer Annexure IV and V of the Auditors Report beginning on page 137 of this Draft Red Herring Prospectus.



Summary Statement of Profits and Losses, As Restated

ANNEXURE II

(Rs in Lakhs)

Particulars	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	3 Months ended June 30, 2010
Income					
Sales					
Of Products manufactured by the Issuer	74.89	507.42	1,447.95	3507.54	2955.92
Of Products traded in by the Issuer	706.70	5,379.77	4,386.41	7182.76	-
Net Sales	781.59	5,887.19	5,834.36	10,690.30	2955.92
Other Income (Refer Annexure VIII)	0.50	39.55	72.64	252.72	18.68
Increase /(Decrease) in Inventories	150.75	436.43	(197.59)	170.07	(314.93)
Total	932.84	6,363.17	5,709.41	11,113.09	2659.67
Expenditure					
Raw Materials consumed	776.94	5,759.21	4,963.25	9976.09	2277.44
Manufacturing Expenses	2.98	60.77	130.33	144.24	42.79
Employee Cost & Benefits	5.77	41.38	59.07	77.53	52.60
Administrative & Other Expenses	10.44	64.83	80.72	123.38	26.85
Preliminary expenses written off	-	3.10	3.80	3.80	0.95
Interest & Finance Charges	13.61	189.55	344.20	372.94	86.07
Depreciation	2.84	30.43	76.13	78.46	22.81
Total	812.58	6,149.27	5,657.50	10,776.44	2509.51
Net Profit / (Loss) before tax	120.26	213.90	51.91	336.65	150.16
Taxation :	93.89	73.76	22.91	123.67	63.60
- Provision for Tax	13.50	19.28	7.05	100.94	44.03
- Provision for Deferred Tax	80.39	54.48	15.86	22.73	19.57
Net Profit / (Loss) before extra ordinary items	26.37	140.14	29.00	212.98	86.56
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit/(Loss) after tax and extraordinary items	26.37	140.14	29.00	212.98	86.56
Less: Proposed Dividend	0.50	-	-	-	-
Tax on Dividend	0.07	0.01	-	-	-
Balance Carried to Balance Sheet	25.80	140.13	29.00	212.98	86.56

Refer Annexure IV and V of the Auditors Report beginning on page 137 of this Draft Red Herring Prospectus.


Statement of Cash Flows, As Restated
ANNEXURE III

(Rs. in lacs)

Particulars	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	3 months period ended June 30, 2010
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) before tax	120.26	213.90	51.91	336.65	150.15
Adjustments for:					
- Depreciation	2.84	30.43	76.13	78.46	22.81
- Preliminary Expenses W/off	0.00	3.10	3.80	3.80	0.95
- Loss / (profit) on sale of Fixed assets (net)	0.00	0.00	0.00	0.00	0.00
- Loss / (profit) on sale of Investment	0.00	0.00	0.00	0.00	0.00
- Interest & Finance Charges	13.61	189.55	344.20	372.94	86.07
- Interest received	-	(0.02)	(0.34)	(2.15)	(0.78)
Operating profit before working capital changes	136.71	436.96	475.70	789.70	259.20
Adjustments for :					
- (Increase)/Decrease in Inventories	(237.88)	(676.91)	(374.91)	(43.68)	426.08
- (Increase)/Decrease in Trade and other Receivables	(563.63)	(1,075.52)	390.91	(1,914.01)	(1766.64)
- (Increase)/Decrease in Loans & Advances	(39.90)	(194.30)	62.16	(4.37)	(94.56)
- Increase/(Decrease) in Trade and other Payables	613.21	1,252.67	(674.21)	336.97	2038.98
Cash generated from operations	(91.49)	(257.10)	(120.35)	(835.39)	863.06
- Direct taxes refunded / (paid)	(13.50)	(19.28)	(7.05)	(100.94)	(44.02)
-Proposed Dividend	-0.50	0.00	0.00	0.00	0.00
-Tax on Dividend	-0.07	-0.01	0.00	0.00	0.00
Net cash from operating activities	(105.56)	(276.39)	(127.40)	(936.33)	819.04
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	(557.30)	(905.11)	(224.44)	(138.70)	(378.06)
Sale of fixed assets	-	-	-	-	-
Sale long term Investments	-	-	-	-	-
Purchases long term Investments	-	-	-	-	-
Preliminary Expenses	(2.22)	(13.28)	(3.50)	-	-
Net cash from investing activities	(559.52)	(918.39)	(227.94)	(138.70)	(378.06)
CASH FLOW FROM FINANCING ACTIVITIES:					
Interest paid	(13.61)	(189.55)	(344.20)	(372.94)	(86.07)
Interest received (inclusive of tax deducted at source)	-	0.02	0.34	2.15	0.78
Proceeds from issue of Equity Shares incl. of premium	177.33	84.92	141.90	666.50	-
Proceeds from long term borrowings	501.54	1,307.27	575.49	901.04	(449.13)
Net cash used in financing activities	665.26	1,202.66	373.53	1,196.75	(534.42)
Net Increase / (decrease) in cash & cash equivalents (A+B+C)	0.18	7.89	18.19	121.72	(93.44)
Cash & cash equivalents at the beginning of the period	-	0.18	8.07	26.26	147.97
Cash & cash equivalents at the end of the period	0.18	8.07	26.26	147.98	54.53



Notes

- i. Figures in the bracket indicate cash outflow.
- ii. Cash Flow Statement is prepared as per indirect method as specified in AS-3 "Cash Flow Statement".

Refer Annexure IV and V of the Auditors Report beginning on page 137 of this Draft Red Herring Prospectus.



BRIEF DETAILS OF THE ISSUE

Issue Structure

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

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

For further details regarding the issue structure see "Issue Structure" on page 201 of this Draft Red Herring Prospectus.

Pre and Post Issue Equity Shares

Equity Shares outstanding prior to the Issue	1,24,64,750
Equity Shares outstanding after the Issue	[●]

Use of Proceeds

See "Objects of the Issue" on page 54 of this Draft Red Herring Prospectus for information about the use of the Issue proceeds.

**Our Company is considering a Pre-IPO Placement of upto 10,00,000 Equity Shares and aggregating upto Rs. [●] Lacs with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.*

**The present issue has been authorized pursuant to a resolution of our Board dated 20-07-2010 and by special resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of our shareholders held on 16-11-2010.*

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

For further details, please refer to the section titled "Issue Procedure" on page 204 of this Draft Red Herring Prospectus.

Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus



GENERAL INFORMATION

Registered Office of the Company	Marketing Offices of the Company
<p>Modern Tube Industries Ltd Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No.8, Dist-Vadodara 391 243, Gujarat, India. Tel No: +91-265-2831810, 2831676 Fax No: +91-265-2831811, 2831911</p> <p>Email: ipo@moderntubes.com Website: www.moderntubes.com Registration Number: 48737 Corporate Identification Number: U27109GJ2006PLC048737</p>	<p>Mumbai Office: 57, Old Sonawala Building, 1st Floor, Office No. 19, C. P. Tank, Mumbai – 04. Tel No.: +91-22-66394986 Fax No.: +91-22-66394986</p> <p>Vadodara Office: 102, Avanti Chambers, Behind Express Hotel, Alkapuri, Vadodara – 390007. Tel No.: + 91-265-3057692 Fax No.: + 91-265-2312684</p>

Address of the Registrar of Companies

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

Registrar of Companies, Gujarat

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

Company Secretary & Compliance Officer

Our Company Secretary and Compliance Officer is **Mr. Yogesh Bhatt**. His contact details are as follows:

Modern Tube Industries Limited

Survey No. 873, Near GIDC, POR,
Ramangamdi, N.H.No.8,
Dist-Vadodara 391 243, Gujarat, India.
Tel No: +91-265-2831810,
Fax No: +91-265-2831811,
Email: cs@moderntubes.com

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

Name of Designated Stock Exchange

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

Issue Programme

Issue Opens on [●]
Issue Closes on [●]



Board of Directors

The Company's Board of Directors are as follows:

Name	Designation	DIN
Mr. Mahendra Suratmalji Bhansali	Chairman & Managing Director	00100989
Mr. Hinanshu Sanatan Sharma	Executive Director	03018338
Mr. Ramesh Kumar Doshi	Independent Director	02949205
Mr. Dilip Kumar Vyas	Independent Director	03111604
Mr. Surendra Tamboli	Independent Director	03258083
Mr. Romesh Kumar Shah	Independent Director	03017967

For further details of our Directors, see "Our Management" on page 118 of this Draft Red Herring Prospectus.

Book Running Lead Manager

Aryaman Financial Services Limited

60, Khatau Building, Gr. Floor,
Alkesh Dinesh Modi Marg,
Opp. P.J.Tower (BSE Bldg.), Fort,
Mumbai – 400 001, India.
Tel. No.: +91-22-22618264
Fax No.: +91-22-22630434
Email: info@afsl.co.in
Website: www.afsl.co.in
Contact Person: Mr. Rajan Vora
SEBI Registration No: INM000011344

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400 078
Tel. No.: +91-22-25960320
Fax No.: +91-22-25960329
Web: www.linkintime.co.in
Email: mtil.ipo@linktime.co.in
Contact Person: Mr. Sanjog Sud
SEBI Registration No: INR000004058

Legal Advisor to the Issue

M. R. Patel & Associates.

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



Statutory Auditors of the Company

Janardan Tamboli & Co.

Chartered Accountants
B-9, Bihari Appartment,
Nr. Hotel Welcome,
R. C. Dutt Road,
Alkapuri, Vadodara – 390 005.
Tel No.: +91-265-2322688
Fax No.: +91-265-2322688
Email: janardantamboli_ca@yahoo.com
Contact Person: Mr. Janardan Tamboli

Independent Auditor (Peer Review Certificate Holder)*

Vikas A. Manohar & Co.

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

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

Bankers to the Company

Bank of Baroda

1st floor, Opp. Petrol Pump,
R.C.Dutt Road, Alkapuri,
Vadodara - 390 007
Tel No: (0265) 2350355/2332970
Fax No. (0265) 2352670
Email:corbar@bankofbaroda.com

Allahabad Bank

Girdhar Chamber, Ground Floor,
Rajmahal Road,
Vadodara - 390001
Tel No: (0265) 2433276
Fax (0265) 2435482
Email: br.rajmahal@allahabadbank.in

Syndicate Member(s)

[•] (to be appointed later)



Bankers to the Issue and Escrow Collection Bank(s)

[•] (to be appointed later)

Refund Banker to the Issue

[•] (to be appointed later)

Self Certified Syndicate Banks

[•]

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

Statement of Inter-se allocation of Responsibility of the Book Running Lead Managers

M/s. Aryaman Financial Services Limited is the Sole Book Running Lead Manager to this issue, and hence is responsible for all the issue management related activities.

IPO grading

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

Credit Rating

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

Trustees

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

Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below Rs. 500.00 Crore. Since the Issue size is only of Rs. 65 Crore, the Company has not appointed any monitoring agency for this issue.

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

Project Appraisal

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

Book Building Process

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



The principal parties involved in the Book Building Process are:

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

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

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

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

In addition, QIBs are required to pay the QIB Margin Amount, representing 100% of the Bid Amount, upon submission of their Bids. Allocation to QIBs will be on a proportionate basis. For details, please refer the chapter titled 'Issue Structure' beginning on page 201 of this Draft Red Herring Prospectus.

Resident Retail Individual Bidders have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than transfer of funds to the respective Escrow Accounts. For details, please refer "Issue Procedure" beginning on page 204 of the Draft Red Herring Prospectus.

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

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

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

No. of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	30	500	16.67%
750	29	1250	41.66%
1000	28	2250	75.00%
750	27	3000	100.00%



2750	26	5750	191.66%
2500	25	8250	275.00%

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

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a Bid. Please refer to 'Issue Procedure- Who Can Bid as an ASBA Investor' and "Issue Procedure – Who can bid" beginning on page 204 of this Draft Red Herring Prospectus respectively;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form, including the ASBA Form is duly completed as per the instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form; and
- Provide PAN card details on the Bid cum Application Form / ASBA Form without which the documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not provide the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- The Bidder should ensure the correctness of his or her Demographic Details (as defined in 'Issue Procedure-Bidder's Depository Account Details and Bank Account Details' beginning on page 204 of this Draft Red Herring Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant so as to ensure receipt of allotment advice/refund orders with correct details at his/her present address

For further details, please refer the chapter titled 'Issue Procedure' beginning on page 204 of this Draft Red Herring Prospectus.

Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements would have appeared and our Company shall also promptly inform the Stock Exchange. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

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

Bid/Issue Programme

BID / ISSUE OPENS ON: [●]

BID / ISSUE CLOSES ON: [●]

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



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

- (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and where the Bid Amount is in excess of Rs. 200,000 and
- (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 200,000.

It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not be uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Company, the BRLM and the members of the Syndicate shall not be responsible for this. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

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

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

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. Pursuant to the terms of the Underwriting Agreement, if entered into, the BRLM's shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter



including through its syndicates / sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Company has not yet appointed or discussed with any underwriters nor have any underwriter indicated their intention to underwrite any of the Equity Shares offered in the Issue

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

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



CAPITAL STRUCTURE

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

(Rs. in lacs, except share data)

		Aggregate Nominal value	Aggregate Value at Issue Price
A	Authorised Share Capital		
	2,50,00,000 Equity Shares of face value of Rs. 10/- each	2500.00	
B	Issued, Subscribed & Paid-up Share Capital before the Issue		
	1,24,64,750 Equity Shares	1246.47	
C	Present Issue in terms of this Draft Red Herring Prospectus*		
	<i>Fresh Issue of [●] Equity Shares</i>	[●]	[●]
	<i>Of which</i>		
	QIB Portion**		
	Up to [●] Equity Shares	[●]	[●]
	Non-Institutional Portion		
	Not less than [●] Equity Shares	[●]	[●]
	Retail Portion		
	Not less than [●] Equity Shares	[●]	[●]
D	Equity Share Capital after the Issue		
	[●] Equity Shares	[●]	[●]
E	Share Premium Account		
	Before the issue	-	
	After the Issue#	[●]	[●]

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

*Our Company is considering a Pre-IPO Placement of upto 10,00,000 Equity Shares and aggregating upto Rs. [●] Lacs with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.

*The present issue has been authorized pursuant to a resolution of our Board dated 20-07-2010 and by special resolution passed under Section 81(1A) of the Companies Act, 1956 at an Extra-ordinary General Meeting of our shareholders held on 16-11-2010.

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

For further details, please refer to the section titled "Issue Procedure" on page 204 of this Draft Red Herring Prospectus.

Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus



Changes in Authorized Share Capital

Sr. No	Date and Type of Shareholders Meeting approving the change	Nature of Change	Increase (No. of shares)	Cumulative No. of Equity Shares	Face Value (Rs.)	Cumulative Authorised Share Capital (Rs.)
1	On Incorporation	-	-	10,00,000	10	1,00,00,000
2	EGM held on March 10, 2008	Increase	10,00,000	20,00,000	10	2,00,00,000
3	EGM held on October 24, 2008	Increase	30,00,000	50,00,000	10	5,00,00,000
4	EGM held on July 15, 2010	Increase	50,00,000	1,00,00,000	10	10,00,00,000
5	AGM held on October 15, 2010	Increase	1,00,00,000	2,50,00,000	10	25,00,00,000

Notes to the Capital Structure:

1. Share Capital History of our Company:

a) Equity Share Capital

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

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Consideration	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
31/07/2006	51,000	10	10	Subscription to MOA	Cash	51,000	5,10,000	-
05/02/2007	60,000	10	10	Further Allotment	Cash	1,11,000	11,10,000	-
19/02/2008	14,61,000	10	10	Further Allotment	Cash	15,72,000	1,57,20,000	-
15/11/2008	2,39,500	10	10	Further Allotment	Cash	18,11,500	1,81,15,000	-
15/11/2008	2,22,000	10	100	Further Allotment	Cash	20,33,500	2,03,35,000	1,99,80,000
30/09/2009	65,000	10	100	Further Allotment	Cash	20,98,500	2,09,85,000	2,58,30,000
28/10/2009	1,25,000	10	100	Further Allotment	Cash	22,23,500	2,22,35,000	3,70,80,000
08/12/2009	1,60,000	10	100	Further Allotment	Cash	23,83,500	2,38,35,000	5,14,80,000
25/01/2010	10,000	10	100	Further Allotment	Cash	23,93,500	2,93,35,000	5,23,80,000
25/03/2010	10,25,000	10	30	Further Allotment	Cash	34,18,500	3,41,85,000	7,28,80,000



Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Consideration	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
20/09/2010	51,27,750	10	-	Bonus Issue in the ratio of 3 bonus shares for every 2 shares held.	Bonus	85,46,250	8,54,62,500	2,16,02,500
11/11/2010	34,18,500	10	-	Bonus Issue in the ratio of 2 bonus shares for every 5 shares held.	Bonus	1,19,64,750	11,96,47,500	-
16/11/2010	5,00,000	10	30	Further Allotment	Cash	1,24,64,750	12,46,47,500	1,00,00,000

b) Shares allotted for consideration other than cash

The following shares were allotted for consideration other than cash:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Nature of Consideration
20/09/2010	51,27,750	10	-	Bonus Issue	Bonus Issue
11/11/2010	34,18,500	10	-	Bonus Issue	Bonus Issue

* Bonus Equity shares have been issued to all our Shareholders on 20/09/2010 and on 11/11/2010 out of the share premium account by capitalizing Rs. 5,12,77,500 and Rs. 3,41,85,000 respectively. The relevant provisions of the Companies Act have been complied with w.r.t to both the bonus issues.

No bonus shares have been issued out of Revaluation reserves.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

c) History & Share Capital Build-up of our Promoter

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

Date of Allotment / Transfer	Allotment / Transfer	Consideration (Cash, Bonus, Kind, etc.)	No. of Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
(i) Mahendra Bhansali							
31/07/2006	Subscription to MOA	Cash	45,000	10	10		
05/02/2007	Allotment	Cash	60,000	10	10		



Date of Allotment / Transfer	Allotment / Transfer	Consideration (Cash, Bonus, Kind, etc.)	No. of Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
19/02/2008	Allotment	Cash	13,00,000	10	10		
15/11/2008	Allotment	Cash	2,39,500	10	10		
25/03/2010	Allotment	Cash	10,25,000	10	30		
20/09/2010	Allotment	Bonus	40,04,250	10	-		
11/11/2010	Allotment	Bonus	26,69,500	10	-		
16/11/2010	Transfer	Inheritance	3,92,000	10	-		
Totals			97,35,250				

d) Shares acquired by the Promoters and Promoters Group members during the last one year for a price which is below the issue price:

Following shares which have been acquired by our promoter and promoter group entities in the last one year could have been acquired at a price which is below the issue price:

Date of Acquisition	Allotment / Transfer	No. of Equity Shares	Price Per share (Rs.)
(i) Mahendra Bhansali			
25/03/2010	Allotment	10,25,000	30
20/09/2010	Allotment (Bonus Issue)	40,04,250	-
11/11/2010	Allotment (Bonus Issue)	26,69,500	-
16/11/2010	Transfer (Inheritance)	3,92,000	-
Sub Total (i)		80,90,750	
(ii) Manas Capital Services Pvt. Ltd.			
15/07/2010	Transfer	5,82,000	110
20/09/2010	Allotment (Bonus Issue)	8,73,000	-
11/11/2010	Allotment (Bonus Issue)	5,82,000	-
16/11/2010	Allotment	5,00,000	30
Sub Total (ii)		25,37,000	
(iii) Ramesh Bhansali			
20/09/2010	Allotment (Bonus Issue)	1,500	-
11/11/2010	Allotment (Bonus Issue)	1,000	-
30/11/2010	Transfer	3,500	30
Sub Total (iii)		6,000	
(iv) Champalal Vaghela			
20/09/2010	Allotment (Bonus Issue)	1,500	-
11/11/2010	Allotment (Bonus Issue)	1,000	-
Sub Total (iv)		2,500	
(v) Pawankumar Bhansali			
20/09/2010	Allotment (Bonus Issue)	1,500	-
11/11/2010	Allotment (Bonus Issue)	1,000	-
Sub Total (v)		2,500	



(vi) Rakeshkumar Shah			
20/09/2010	Allotment (Bonus Issue)	1,500	-
11/11/2010	Allotment (Bonus Issue)	1,000	-
Sub Total (vi)		2,500	
(vii) Avni Bhansali			
20/09/2010	Allotment (Bonus Issue)	15,000	-
11/11/2010	Allotment (Bonus Issue)	10,000	-
Sub Total (vii)		25,000	
(viii) Dhvani Bhansali			
20/09/2010	Allotment (Bonus Issue)	60,000	-
11/11/2010	Allotment (Bonus Issue)	40,000	-
Sub Total (viii)		1,00,000	
Grand Total (i + ii + iii + iv + v + vi + vii + viii)		1,07,66,250	

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

Our Promoter and our Promoters Group members had entered into the following transactions in our Equity shares during the last six months:

Name of Promoter and Promoters Group Entity (Transferee)	Name of Transferor	Date of Transfer	No. of Equity Shares	Price Per share (Rs.)
Manas Capital Services Pvt. Ltd.	Chandimata Management Pvt. Ltd.	25/07/2010	30,000	110
Manas Capital Services Pvt. Ltd.	Elegance Trade & Holding Pvt. Ltd.	25/07/2010	45,000	110
Manas Capital Services Pvt. Ltd.	Basukinath Designs Pvt. Ltd.	25/07/2010	25,000	110
Manas Capital Services Pvt. Ltd.	Achi Finance & Management Pvt. Ltd.	25/07/2010	10,000	110
Manas Capital Services Pvt. Ltd.	Simpara Vanijya Pvt. Ltd.	25/07/2010	7,000	110
Manas Capital Services Pvt. Ltd.	Talent Infoway Ltd.	25/07/2010	5,000	110
Manas Capital Services Pvt. Ltd.	Sukant Steel Pvt. Ltd.	25/07/2010	50,000	110
Manas Capital Services Pvt. Ltd.	Radiant Merchandise Pvt. Ltd.	25/07/2010	35,000	110
Manas Capital Services Pvt. Ltd.	Sparesh Hotel Pvt. Ltd.	25/07/2010	15,000	110
Manas Capital Services Pvt. Ltd.	Swagatama Enclave Pvt. Ltd.	25/07/2010	50,000	110
Manas Capital Services Pvt. Ltd.	Suryamukhi Projects Pvt. Ltd.	25/07/2010	30,000	110
Manas Capital Services Pvt. Ltd.	Surpati Packaging Pvt. Ltd.	25/07/2010	10,000	110
Manas Capital Services Pvt. Ltd.	Alishan Complex Pvt. Ltd.	25/07/2010	45,000	110
Manas Capital Services Pvt. Ltd.	Basukinath Infrastructure Pvt. Ltd.	25/07/2010	40,000	110
Manas Capital Services Pvt. Ltd.	Linkpoint Infrastructure Pvt. Ltd.	25/07/2010	15,000	110
Manas Capital Services Pvt. Ltd.	Alishan Estate Pvt. Ltd.	25/07/2010	40,000	110
Manas Capital Services Pvt. Ltd.	Management Hirise Pvt. Ltd.	25/07/2010	50,000	110
Manas Capital Services Pvt. Ltd.	Uplink Infrastructure Ltd.	25/07/2010	50,000	110
Manas Capital Services Pvt. Ltd.	Warner Metalic Pvt. Ltd.	25/07/2010	30,000	110
Ramesh Bhansali	Rameshkumar Doshi	31/11/2010	3,500	30
Total			5,85,500	



Maximum and Minimum Purchase Price: The Minimum and Maximum Purchase price of these shares are Rs. 30/- and Rs. 110/- respectively.

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

2. Promoters Contribution and Other Lock-In details:

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

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

Name of Promoters of Promoter's Group	Date of Allotment / Transfer	Nature of Transaction	No. of Equity Shares	Face Value	Issue/ Transfer Price	% of Post Issue Paid up Capital	Lock-in Period from the date of Public Issue Allotment
Mr. Mahendra Bhansali	[•]	[•]	[•]	[•]	[•]	[•]	[•]

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

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

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

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

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

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.



- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

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

- Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of allotment in this Issue.
- The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate as per Regulation 35(2) of the SEBI Regulations.
- Further, Equity Shares allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

c) Lock in of equity shares allotted to Anchor Investors

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

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

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

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	as a% of Issued Equity	No. of Equity Shares	as a% of Issued Equity
A	Promoter				



1	Mahendra Bhansali	97,35,250	78.10%	97,35,250	[•]
	Total (A)				[•]
B	Promoter Group, Relatives and Other Associates acting in Concert				
2	Ramesh Bhansali	7,000	0.06%	7,500	[•]
3	Champalal Vaghela	3,500	0.03%	3,500	[•]
4	Pawankumar Bhansali	3,500	0.03%	3,500	[•]
5	Rakeshkumar Shah	3,500	0.03%	3,500	[•]
6	Avni Bhansali	35,000	0.28%	35,000	[•]
7	Dhawani Bhansali	1,40,000	1.12%	1,40,000	[•]
8	Manas Capital Services Ltd.	25,37,000	20.35%	25,37,000	[•]
	Total (B)	27,29,500	21.90%	27,29,500	[•]
	Total (A+B)	1,24,64,750	100.00%	1,24,64,750	[•]

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

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

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Mahendra Bhansali	97,35,250	78.10%
2	Manas Capital Services Ltd.	25,37,000	20.35%
3	Dhawani Bhansali	1,40,000	1.12%
4	Avni Bhansali	35,000	0.28%
5	Ramesh Bhansali	7,000	0.03%
6	Champalal Vaghela	3,500	0.03%
7	Pawankumar Bhansali	3,500	0.03%
8	Rakeshkumar Shah	3,500	0.03%
9	-	-	-
10	-	-	-
Totals		1,24,64,750	100.00%

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

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Mahendra Bhansali	97,35,250	78.10%
2	Manas Capital Services Ltd.	25,37,000	20.35%
3	Dhawani Bhansali	1,40,000	1.12%
4	Avni Bhansali	35,000	0.28%
5	Ramesh Bhansali	7,000	0.03%
6	Champalal Vaghela	3,500	0.03%
7	Pawankumar Bhansali	3,500	0.03%
8	Rakeshkumar Shah	3,500	0.03%
9	-	-	-
10	-	-	-



Totals	1,24,64,750	100.00%
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c. The top ten Shareholders of our Company two (2) years prior to date of this Draft Red Herring Prospectus are:

Sr. No.	Particulars	No. Of Shares	% of Issued Capital
1	Mahendra Bhansali	16,44,500	80.87%
2	Suratmalji Bhansali	1,12,000	5.51%
3	Sukant Steel Pvt. Ltd.	50,000	2.46%
4	Elegance Trade and Holding Pvt. Ltd.	45,000	2.21%
5	Dhawani Bhansali	40,000	1.97%
6	Radiant Merchandise Pvt. Ltd.	35,000	1.72%
7	Chandimata Management Pvt. Ltd.	30,000	1.48%
8	Basukhinath Designs Pvt. Ltd.	25,000	1.23%
9	Sparsh Hotels Pvt. Ltd.	15,000	0.74%
10	Avni Bhansali	10,000	0.49%
Totals		20,06,500	98.67%

5. Neither the Company, nor its promoters, directors, nor the BRLM have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
6. None of our Directors or Key managerial personnel hold Equity Shares in the Company, except as stated in the section titled "Our Management" beginning on page 118 of this Draft Red Herring Prospectus
7. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
8. In the case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, 5% of the Net QIB Portion shall be reserved for Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion of the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Undersubscription, if any, in the Mutual Funds portion will be met by a spillover from the QIB Portion and be allotted proportionately to the QIB Bidders. Further, not less than 15% of Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of 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.
9. Undersubscription, if any, in any category, would be met with spill over from any other categories or combination of categories at the discretion of our Company in consultation with the BRLM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
10. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.



11. Shareholding Pattern of the Company

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

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares Held in Demat Form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of Total no. of shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals/ Hindu Undivided Family	7	9927750	-	79.65%	79.65%	-	-
Bodies Corporate	1	2537000	-	20.35%	20.35%	-	-
Sub Total	8	12464750	-	100.00%	100.00%	-	-
(2) Foreign	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)	8	12464750	-	100.00%	100.00%	-	-
(B) Public Shareholding							
(1) Institutions	-	-	-	-	-	-	-
(2) Non-Institutions	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-
Individuals							
Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-
NRI's / OCB's	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total Public Shareholding (B)	-	-	-	-	-	-	-
Total (A+B)	-	-	-	-	-	-	-
(C) Shares held by Custodians and against which Depository receipts have been issued	-	-	-	-	-	-	-
Total (A+B+C)	8	12464750	-	-	100.00%	-	-



12. Subject to the Pre-IPO Placement, we presently do not intend or propose any further issue of capital whether by way of issue of Equity Shares or by way of issue of bonus issue, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
13. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of filing of this Draft Red Herring Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
14. The BRLM and its associates do not directly or indirectly hold any shares of the Company.
15. As on date of filing this DRHP, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.
16. As of the date of filing of this Draft Red Herring Prospectus the total number of holders of the Equity Shares is 8.
17. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Red Herring Prospectus.
18. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
19. Our Company has not raised any bridge loan against the proceeds of the Issue.
20. Subject to the Pre-IPO Placement, we presently do not have any intention or proposal, neither have entered into negotiations nor are considering to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for our Equity Shares) whether on a preferential basis or otherwise, except that if we acquire companies / business or enter into joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisitions or participation in such joint ventures.
21. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.
22. Our Promoters and members of the Promoter Group will not participate in the Issue.
23. Our 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 the Draft Red Herring Prospectus.
24. Our Company has not made any public issue or rights issue since its incorporation.
25. There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, please see "Financial Indebtedness" on page 171 of the Draft Red Herring Prospectus.



OBJECTS OF THE ISSUE

The objects of the Issue are to finance our expansion plans and achieve the benefits of listing on the Stock Exchange. We believe that listing will enhance our corporate image and brand name.

We intend to utilize the Issue Proceeds for the following objects:

- Expansion of existing manufacturing facility at Por, Gujarat
- Meet the additional working capital requirement
- General corporate purposes; and
- To meet Issue Expenses

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

Fund Requirements

The fund requirements for each of the objects of the Issue are stated as follows:

Particulars	Amount (Rs. In Lacs)	Amount (Rs. In Lacs)
Expansion of existing manufacturing facility at Por, Gujarat:		
• Office Building related Civil Works	329.43	
• Factory Shed related Civil Works	787.03	
• Other Civil Works	69.53	
• Plant and Machinery	3571.49	
• Electrification Unit	100.00	
• Contingencies (@ 3%)	142.00	4999.48
Working Capital		[•]
General Corporate Purposes		[•]
Issue Expenses		[•]
Total Fund Requirements		[•]

Means of Finance

Particulars	Amount (Rs. In Lacs)
Equity share capital plus premium (already brought in)	589.90
Secured Loans (Term Loan)	2800.00
IPO Proceeds	6500.00
Internal Accruals / Unsecured Loans	[•]
Total Means of Finance	[•]

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

The Fund requirement is based on the current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.



DETAILS OF THE OBJECTS

1. Expansion of existing manufacturing facility at Por, Gujarat.

We propose to increase the production capacity of existing manufacturing facility at Por, Gujarat by adding capacity to produce newer sizes of Stainless Steel seamless and welded pipes and tubes. We also propose to change our production methodology for larger size welded pipes from manually welded to automatic welding in order to gain benefits of “zero error” products. This is in line with our strategy to move from “General Application Products” to “Critical Application Products”. The expanded capacity will be as under:

Particulars	Current Capacity	Proposed Addition	Post Expansion
Stainless Steel Seamless Tubes and Pipes	800	800	1600
Stainless Steel Welded Tubes and Pipes	6400	6400	12800
Totals	7200	7200*	14400

*Out of the proposed additional capacity our company has already installed capacity to the extent of 1500 MT.

Office Building and related civil works

We predominantly supply to large size corporations such as Gujarat Ambuja Exports Ltd., Torrent Pharmaceuticals Ltd, Essar Projects India Ltd., Gujarat State Fertilizers & Chemicals Ltd, etc. In order to increase our ability to provide the necessary support and other corporate eligibilities we propose to utilize an amount of Rs. 329.43 Lacs in order to build a corporate office with all the required amenities and relevant infrastructure for serving large size corporate houses and meeting various eligibility requirements. The details of the costs for the same as estimated by M/s. Arc Lines (Interior Planner and Designer) are as under:

Sr. No.	Description	Quantity	Rate/unit	Amount (Rs.)
1.	Vitrified Flooring	15000 Sq. ft.	130	19,50,000
2.	Wall Tiles	1200 Sq. ft.	100	1,20,000
3.	Ceramic Tiles	7500 Sq. ft.	50	3,75,000
4.	Cement Blocks	5000 Sq. ft.	45	2,25,000
5.	Plumbing Fitting & Fixtures	4 toilet blocks	200000	8,00,000
6.	Stainless Steel Staircase	25 steps of 1500mm wide	L.S	5,00,000
7.	Insulation and Gypsum False Ceiling	15000 Sq. ft.	90	13,50,000
8.	Fans	150 nos.	1700	2,55,000
9.	Electric Light fittings (18x2) CFL	600 nos.	900	5,40,000
10.	A.C. Split System	60 units	45000	27,00,000
11.	Painting Exterior Painting Interior	13000 Sq. ft 22000 Sq. ft	12 15	1,56,000 3,30,000
12.	Glass Glazing	15000 Sq. ft	350	52,50,000
13.	Water Proofing	11000 Sq. ft.	45	4,95,000
14.	Working Tables with Additional Units	57 nos.	Various Rates	17,15,000
15.	Filing Closet	1000 Sq. ft.	700	7,00,000
16.	Chairs	118 nos.	Various Rates	6,32,000
17.	Decorative Aids	As appropriate	L.S.	10,00,000
18.	Sofa Set with Adjoining Tables	70 R. ft	5000	3,50,000
19.	Water Proofing of Pond	41000 Sq. ft.	250	1,02,50,000



20	Landscaping and Garden	70000 Sq. ft.	35	24,50,000
21	Partition	3200 Sq. ft.	250	8,00,000
Estimated Total Expenditure				3,29,43,000

Factory Shed and related civil works

We propose to construct a factory shed on a land adjacent to our existing manufacturing facilities for installing the proposed expanded capacity. The details of the related civil works for the same and the costs as estimated by M/s. Edison Infrastructure Pvt. Ltd. are as under:

Sr. No.	Particulars of items and of works	Quantity	Unit	Rate (Rs.)	Per	Amount (Rs.)
1	Site Clearance and Jungle Cutting	18449	smt	10	smt	1,84,490
2	Earthwork in foundation column.	895	cmt	180	cmt	1,61,100
3	Earthwork in filling in plinth factory shed, office building and side trenches	9294	cmt	158	cmt	14,68,452
4	Sand Filling in Plinth	1395	cmt	415	cmt	5,78,925
5	Cement Concrete in foundation for column	80.73	cmt	2550	cmt	2,05,861
6	R.C.C work	448.27	cmt	5420	cmt	24,29,623
7	R.C.C Flooring	1532.80	cmt	5600	cmt	85,83,680
8	Vitrified Tiles	743	smt	1200	smt	8,91,600
9	Mild Steel incl. bending in R.C.C works	368.21	Qt	3500	Qt	12,88,735
10	Brick Work for factory shed up to plinth and above plinth level	1225	cmt	3500	cmt	42,87,500
11	Half brick Masonry	28.32	cmt	3500	cmt	99,120
12	Cement Concrete in Roof Terrace finished with special treatment	37.17	cmt	6000	cmt	2,23,020
13	Teak wood frames and fixtures for doors	Various	smt	Various	Smt	74,951
14	Brass fittings in doors and windows	1.0	-	27000	-	27,000
15	Iron works for doors and window bars	1.67	qt	3500	qt	5,845
16	Iron gate (Grill)	9.8	qt	6500	qt	63,700
17	Plaster work for Office walls, Factory Shed Inside and outside of building	3375	Smt	172	smt	5,80,500
18	Plaster work for Steps including Neat cement floated, tread and rise, end of steps	68.32	smt	195	smt	13,322
19	Finished with neat cement floating	2964	smt	450	smt	13,33,800
20	Colour Washing of Walls (3 coats)	3375	smt	60	smt	2,02,500
21	Painting Doors & Windows (3 Coats)	318	smt	125	smt	39,750
22	Solignum paint coating	237	kg	235	kg	55,695
23	Rain Water pipes fitted and painted	337	rmt	235	rmt	79,195
24	Steel work in R.S C-channel and connecting angle Plates, Bolt etc 1. Column Rolled Steel 2. M.S plates 3. Angle iron cleats	316.62	MT	60000	MT	1,89,97,200
25	ISA for bracing	28.56	MT	60000	MT	17,13,600
26	Tie beam of ISJC	151.68	MT	60000	MT	91,00,800



27	Bracket of crane	50.24	MT	60000	MT	30,14,400
	Main rafter ISJC 175@11.2kg	39.57	MT	60000	MT	23,74,200
	Purline for roof covering	82.09	MT	60000	MT	49,25,400
	Roof covering of asbestos cement sheet	6105.40	Smt	173.14	Smt	10,57,056
	Holding down bolts 25cm Dia 40cm long					
	Head and nut					
	Anchor washer plate 22mm thick	612.00	kg	62	kg	37,944
Steel rolling shutters of 18 guage of inter locked laths complete with shaft, spring encasing box, push and pull all other lifting's	288.00	smt	1800	smt	5,18,400	
28	Water supply and sanitary					51,69,389.24
29	Electrification work					51,69,389.24
	Total construction amount					7,49,56,443.98
	Add 3% for contingencies					22,48,684.31
	Add 2% for work charged establishment					14,99,122.87
	Total Estimated Cost					7,87,03,951.16

Other Civil Works

We also propose to build a staff canteen and a guest house at the plant. The costs for the same based on the quotation received from M/s. Ramjibai D. Rathod are as under:

Sr. No.	Description	Feet	Total Area in Sq. feet	Rate per Sq. feet	Total Amount
1	Canteen Building	50'00" x 30'00"	1500		
2	Toilet Block	30'00" x 20'00"	600		
	Total		2100	Rs. 600	12,60,000.00
3	Guest House Building				
	First Floor	10'30" x 39'60"	1589.87		
	Second Floor	40'30" x 39'60"	1589.88		
	Total		3179.75	Rs. 800	25,43,900.00
4	Staff Quarters				
	First Floor	10 Rooms x 15'00"x15'00"	2250		
	Second Floor	10 Rooms x 15'00"x15'00"	2250		
	Total		4500	Rs. 700	31,50,000.00
Grand Total					69,53,900.00

Plant and Machinery

An amount of Rs. 3571.49 Lacs is proposed to be utilized towards procurement and installation of plant and machinery for the proposed expansion. These machineries have been sourced through various suppliers and include imported machineries and do not include any second hand machines. The details of plant and machinery costs are as under:



(In lakhs)

Sr. No.	Name of Machinery & Specifications	Qty.	Name of Manufacturer / Fabricator / Seller	Price in USD	Price in Euro	Total Cost in INR* (Inc. Sales Tax and Excise)	Delivery Point
IMPORTED PLANT & MACHINERIES							
1	Extra Parts – Head Tube Mill • 141.3 • 168.3 • 219.0 • 273.1 • 323.7	1 1 1 1 1	Yuan Xing Hong Stainless Steel Pipe making Mold & Machinery Co. Ltd., Foshan City, Guangdong Province, China	0.39 0.48 0.78 1.36 1.85		18.28 22.74 36.56 64.28 87.09	Ex-Works, Nanhai, China
2	LG-30-11 Double - roller Ring Cold Pilger Mill can make OD25-55mm ferrous and nonferrous metal seamless pipes with high precision	5	Wencheng Zhongxing Equipment Co. Ltd.	5.55		130.43	CIF, Mumbai
3	LG-60-H Double - roller Ring Cold Pilger Mill can make 40-90mm ferrous and nonferrous metal/ seamless pipes with high precision	5	Wencheng Zhongxing Equipment Co. Ltd.	1.76		413.60	CIF, Mumbai
4	Solaris CCD Plus (SCP) Optical Emission Spectrometer	1	GNR India - From GNR SRL , ITALY		0.37	20.82	CIF, Mumbai
5	Bright Annealing Furnace - Length of Pipes: 3 meters to 18 meters	1	Yaoyi Stainless Steel Company, No. 429 Sun Road, Songjiacao, Gaoqao, Ningbo 315174, China	2.55		119.82	CIF Nhava Sheva
6	Pilger Mill Dies Sets	300	Zhangjiagang Yaqing Machinery Manufacture Co., Ltd., Jiangfan industrial Park, Zhangjiagang City, Jiangsu, China	0.01		155.10	CIF Mumbai,
7	Elbow Cold Forming Machine-YLT65A. Capacity 50 TON	1	Shanghai Mingheng Pipe Fittings Machinery Co., Ltd., Shanghai	0.59		27.49	F.O.B. Shanghai
8	Elbow Cold Forming Machine-YLT100B, Capacity 80 TON	1	Shanghai Mingheng Pipe Fittings Machinery Co, Ltd. Shanghai	0.65		30.55	F.O.B. Shanghai
9	Elbow Cold Forming Machine-YLT15013, Capacity 160 TON	1	Shanghai Mingheng Pipe Fittings Machinery Co., Ltd., Shanghai	1.37		64.15	F.O.B. Shanghai
10	DW 110NC Pipe Bending Machine	1	Xuzhou Silkway Machinery & Equipment Co., Ltd. F17, Future International Business Center, No.6,	1.08		50.99	CIF Mumbai



11	Pipe Bending Machine ATM – 50 TNCB	1	Shanghai metal forming machine Co. Ltd., Shanghai	0.18		8.22	CIF Shanghai
TOTAL (imported plant and machinery)						1250.25	
Add: Custom Duty, Excise, Clearing & Forwarding etc.						312.56	
Add: Transportation, Insurance, Erection, Commissioning, Installation etc.						62.51	
Grand Total (Imported Plant & Machinery)						1625.32	

* USD is converted @ 47.00 and Euro is converted @ 57.00

(Rs. In Lakhs)

Sr. No.	Name of Machinery & Specifications	Qty.	Nos./ Lot/K gs	Name of Manufacturer/Fa brication/Seller	Price	Sales Tax	Excise	Total Cost	Rate of Sales Tax	Rate of Excise
INDIGENOUS PLANT & MACHINERY										
1	Tube Mill - NLM 120 having Production Range of Stainless Steel Round Pipes from 152Amm to 304mm O.D. with wall thickness from 2mm to 8mm	1	Unit	NewLook Metal Mills	382.99	19.14	39.45	441.59	5 %	10.30 %
2	Tube Mill - PARTH 140 TM-S having Production Range of Stainless Steel Round Pipes from 31.75mm to 114.3mm O.D. with wall thickness from 1.6mm to 6mm	1	Unit	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	93.90	4.69	9.67	108.26	5%	10.30 %
3	Tube Mill Rolls for 31.75mm to 114.3mm with HCHCR Material Total 8 Sizes. 47 Rolls per Size	376	Nos.	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	77.35	3.86	7.96	89.18	5%	10.30 %
4	Section Rolls - Squares & Rectangle	8	Nos.	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	5.60	0.28	0.57	6.45	5%	10.30 %
5	Section Rolls – Oval	8	Nos.	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	7.20	0.36	0.74	8.30	5%	10.30 %
6	Tube Drawing Bench - PARTH 40 DB-S with acceptable Mother Tube Size 90mmx4mm W.T.,	1	Unit	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382	41.80	2.09	43.05	48.19	5 %	10.30 %



	76mmx5mm W.T., 65mmx6mm W.T. with additional length and AC variable speed drive in lieu of DC motor & drive			445						
7	Tube Drawing Bench - PARTH 80 DB-S with acceptable Mother Tube Size 14Ornmx6mm W.T., 115mmx7.5mm W.T., 90mmx1Ornm W.T. with additional length and AC variable speed drive in lieu of DC motor & drive, with Mechanized Pipe (Mother Tube) Singling and Feeding Arrangement	1	Unit	M/s. Parth Equipment, 4208- 4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	52.70	2.63	5.42	60.76	5 %	10.30 %
8	QE' Make Gas Plasma Arc Cutting Cum Tig/MAW Welding Machine Model Plas-30 Cutting Capacity - 30 mm SS.	2	No	Quality Engineering	5.00	0.25	0.515	5.765	5 %	10.30 %
9	ELGI Reciprocating Air Compressor- Model TS 10 120 HN-10 HP Model E 15 - 7.5 (Neuron) - 20 HP	4 1	No.	Unitrade India, K-1, 974/4-GIDC, Baroda – 390010 Do	4.56 5.65	0.22 0.28	0.47 0.58	5.25 6.52	5 % 5 %	10.30 % 10.30 %
10	"JAROS" Make Heavy Duty Hydrostatic Pressure Telling Machine	1	No.	J.M. Engineering	25	1.25	2.57	26.82	5 %	10.30 %
11	PMI Machine	2			20	1.00	2.06	23.06	5 %	10.30 %
12	Radiography Testing Machine	1		SVK	40	2.00	4.12	46.12	5 %	10.30 %
13	Offline Automated Ultrasonic Testing Machine for SS pipes	1	No.	Enrico Technologies, New Samitha Commercial CHS, Bldg. No. A-B 13, Gala No. 13, A.K. Road, Andheri (E), Mumbai - 400072.	45.00	0.90	4.63	50.54	2 %	10.30 %
14	Tube Bending machine for 'U bending SS	1	Set	Etectropneumatics & Hydraulics (India Pvt Ltd.) A-	14.04	0.28	0.014	15.76	2 %	10.30 %



	Tubes - Made/ 65NCX-S with 10 mtrs mandrel length and with extra tools			302/303, Universal Business Park, Chandivali Farm Rd, Off Saki Vihar Rd, Andheri (E) Mumbai 400072							
15	Hydro Testing Arrangement for S.S. 'LI Bending Pipe		No.	Thorson Industries, A/101. Sun View Towers, Bhuyangdev Cross Roads, Ghatlodia, Ahmedabad. 1	3.17	0.16	0.32	3.65	5 %	10.30 %	
16	Double Girder Over head traveling s/Girder box type Straight Travel 25 Ton capacity EOT Crane	1	No.	Pavan Engineers, 299/B/9, GIDC, Makarpura, Baroda - 390010.	46.50	2.32	4.78	53.61	5 %	10.30 %	
	DSL - mtrs.	70			1.05	0.05	0.10	1.21	5 %	10.30 %	
	Current Collector	70			2.45	0.12	0.25	2.82	5 %	10.30 %	
	Web Brackets	70			0.11	0.005	0.010	0.12	5 %	10.30 %	
17	5 Ton Capacity Single Girder Type EOT Crane	3	Nos.	Sates Energy Pvt. Ltd. Plot No 1404, Phase-III, GIDC, Vatva, Ahmedabad	26.79	1.34	2.75	30.88	5 %	10.30 %	
	DSL - mtrs.										
	Rail - mtrs.	210			3.15	0.15	0.32	3.63	5 %	10.30 %	
	Gantry Girder - mtrs.	210			6.30	0.31	0.64	7.26	5 %	10.30 %	
	Erection & Commissioning	210			23.52	1.17	2.42	27.11	5 %	10.30 %	
	DSL	4			19.60	0.098	0.20	2.25	5 %	10.30 %	
	Rail	210			.63	0.03	0.06	0.72	5 %	10.30 %	
	Gantry Girder	210			1.05	0.05	0.11	1.21	5 %	10.30 %	
18	10 Ton Capacity Single Girder Type EOT Crane	3	Nos.	Safex Energy Pvt. Ltd., Plot No 1404, Phase-III, GIDC, Valve, Ahmedabad	38.91	1.94	4.01	44.86	5 %	10.30 %	
	DSL - mtrs.										
	Rail - mtrs.	210			3.15	0.16	0.32	3.63	5 %	10.30 %	
	Gantry Girder - mtrs.	210			6.30	0.32	0.64	7.26	5 %	10.30 %	
	Erection & Commissioning	210			2.83	0.14	2.92	32.68	5 %	10.30 %	
	DSL	3			1.95	0.09	0.20	2.24	5 %	10.30 %	
	Rail	210			.63	0.03	0.06	0.72	5 %	10.30 %	
	Gantry Girder	210			1.05	0.05	0.10	1.21	5 %	10.30 %	
		210			3.15	0.15	0.32	3.63	5 %	10.30 %	



19	20 Ton Capacity Single Girder Type EOT Crane DSL - mtrs.	2	Nos.	Safex Energy Pvt. Ltd., Plot No 1404, Phase-III, GIDC, Vatva, Ahmedabad	35.72	1.78	3.67	41.18	5 %	10.30 %
	Rail - mtrs.	140			2.52	0.12	26	2.91	5 %	10.30 %
	Gantry Girder - mtrs:	140			9.52	0.47	.98	10.97	5 %	10.30 %
	Erection & Commissioning DSL	140			24.36	0.12	2.51	28.08	5 %	10.30 %
	Rail	2			1.30	0.07	0.14	1.49	5 %	10.30 %
	Gantry Girder	140			.42	0.02	0.04	0.48	5 %	10.30 %
		140			1.26	0.06	0.13	1.45	5 %	10.30 %
		140		2.52	0.13	0.26	2.90	5 %	10.30 %	
20	Single Girder Over head traveling s/Girder box type Straight Travel 3 Ton capacity EOT Crane DSL - mtrs.	3	No.	Pavan Engineers, 299/B/9, GIDC, Makarpura, Baroda - 390010.	25.50	1.27	2.62	29.40	5 %	10.30 %
		210			2.62	0.13	0.27	3.02	5 %	10.30 %
21	"JAROS" Make Six Multi Cross Roller Type Tube Straightening Machine	2	Nos.	J. M. Engineering	63.00	3.15	6.48	72.63	5 %	10.30 %
22	Welding Table Cap. 8" to 30" inside or outside	1	No.	S. Q. Engineering Works. No. 2, new Goodluck Barrel Market, Narol Rd., Chandola Talav, Ahmedabad	5.00	0.25	0.25	5.50	5 %	5 %
23	Square Pipe Rolls, size: 60X60, 75X75, 80X80, 100X50, 90X90 - 10 pc of each size	50	Nos.	S. Q. Engineering Works. No. 2, new Goodluck Barrel Market, Narol Rd., Chandola Talav, Ahmedabad	4.31	0.22	0.22	4.75	5 %	5 %
24	Beed Rolling System Beed Roller 15.88mm OD to 50.80mm OD	2	No	Hightech Hydraulics Engineering Pvt. Ltd.	7.60	0.38	0.38	8.36	5 %	5 %
	Beed Roller 25.40mm OD to 90.00mm OD	2			9.06	0.45	0.45	9.96	5 %	5 %
	Beed Roller 25.40mm OD to 114.30 OD	2			9.06	0.45	0.45	9.96	5 %	5 %
25	Cartridge Type Reserve Pulsejet Dust Collector for Tube Mill	7	Nos.	Maxtech Engineers, 22-Tribhuvan Industrial Estate, Opp. Road No 8. GIDC, Kathwada, Ahmedabad - 382430	4.06	0.20	0.20	4.46	5 %	5 %



26	LPG Manifold Net Works 6X25 Manifold 8X25 Manifold	1 1	Lot Lot	Shree Traders, 62-Shreeji Krupa Society, Kanbhivago, Bharuch-382430	2.46 3.41	0.12 0.17	0.12 0.17	2.71 3.76	5 % 5 %	5 % 5 %
27	M.S. 'U Bend Pulley. Tube Size 19.05mm OD. Various Die from 73 to 1210	1	Lot-15 to 20 nos.	URO Engineers, 32 Mehsana Society, Opp. Laxmi Heart Hospital, Nava Vadaj road, Ahmedabad-380013	14	0.7	0.7	15.40	5 %	5 %
28	High Pressure Reciprocating plunger pump Model PB 18 - 28 LPM - 300 kg/CM ² with Optional Accessories and Spare Parts Model P8 18 - 28 LPM - 300 kg/CM ³	5	Set	Pressure Jet systems Pvt. Ltd. 62/13, Phase-I, GIDC, Vatva. Ahmedabad - 382445	18.65	0.93	1.92	21.52	5 %	10.30 %
29	400 Kg/hr fully automatic Smoke Tube Type Horizontal Three Pass Gas Fired Small industrial Steam Boiler as per IBR Regu. Chapter-XIV.	2	Nos.	Energy process Equipments. 29-GIDC, Por-Ramangamdi	22	1.10	2.26	25.36	5 %	10.30 %
30	ABC-1000mm Hydraulic Cylindrical Grinding Machine with extra Accessories	1	Nos.	Precision Machine Tool, 16/1. gopinath Estate, Part-II, nr. Soni-ni- Chawl Char Rasta, Odhav, Ahmedabad	7.8	0.39	0	8.19	5 %	0.00
31	Straightening Machine 12mm to 52mm	1	No.	Micron Engineers. Plot No. A-1/17, 2nd Phase, shed No 238, GIDC, Vapi - 396195	5.8	0.29	0	6.09	5 %	0.00
32	Tube Mill - PARTH 15 TM having Production Range of Stainless Steel Round Pipes from 6mm to 16mm OD. with wall thickness from 0.3mm to 1mm	1	Unit	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	16.55	0.83	1.70	19.08	5 %	10.30 %
33	Tube Mill Rolls for 31.75mm to 114.3mm with HCHC Material	235	Nos.	M/s. Parth Equipment, 4208-4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	4.56	0.23	4.69	5.25	5 %	10.30 %
34	Section Rolls - Squares &	8	Nos.	M/s. Parth Equipment, 4208-	1.25	0.06	0.13	1.44	5 %	10.30 %



	Rectangle			4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445						
35	Section Rolls – Oval	12	Nos.	M/s. Parth Equipment, 4208- 4209, Phase IV, GIDC Estate, Vatva, Ahmedabad - 382 445	2	0.10	0.21	2.31	5 %	10.30 %
36	Air under Water pipe Testing Unit for Maximum pipe dies. 50mm, Max. pipe length 22 mtrs.	1	Unit	Ashirwad Corporation. 47 Harivilla Bunglows, Nr. J.K. Park, Gota Road, Chandlodia. Ahmedabad- 382481	11.7	0.58	0	12.29	5 %	0 %
37	Hallmark Make Plasma Cutting 40 mm Capacity 30 mm Capacity Plasma Trolley	1 1 1	No	M/s Heena Sales, 9 Annapurana Complex, Nr Ghodasar Police Chowky, Cenal Rd., Ghodasar, Ahmedabad-50	1.64 1.32 .36	0.08 0.06 0.02	0 0 0	1.72 1.38 .37	5 % 5 % 5 %	
38	320 KVA D.G. Set- Silent Set NTA 855G21	1	No.	Deccan Sales & Services Pvt. Ltd., 276/3, GIDC, Makarpura, Baroda	17.49	0.87	1.8	20.16	5 %	
39	S.S. 'U' BEND Pipe Annealing Machine	1	No	Thorson Industries, L- 622/7, Odhav GIDC, NR. Chhota lal ni chali, Ahmedabad - 352 415	3.6	0.18	0	3.78	5 %	
40	Isotherm Make Air Plasma Cutting Machine Model AirPAC-30 Installation Model AirPAC-50	1 1		Isotherm Systems	3.85 5.38	0.19 0.27	0 0	4.04 5.65	5 % 5 %	
41	Hitachi Small Character Ink Jet Printer with Accessories & Consumables	1	Syste m	Mahi Systems, B- 14, Unaddeep Tower, Nr. ABB Circle, Susen-Tarsali Ring Road, Baroda - 390009	3.85	0.07	0	3.92	2 %	
42	Bright Annealing Furnace far SS Tutees, of 500 kg/hr capacity	1	Unit	Seco Warwick Allied Pvt. Ltd., Allied House, 1st Road, chembur, Mumbai - 400071	193.6	3.87	19.94	217.41	2 %	
43	Pipe Positing Machine	1			22	1.1	2.26	25.36	5 %	



44	PP Tanks Size- 25000mmLx750mm Wx1250mmH	1		Arvind Anticor Ltd., S.No. 563/1, Phase-IV, GIDC, Vatva, Ahmedabad - 382 445	10.85	0.54	1.12	12.51	5 %	10.30 %
	Size- 20000mmLx756mm Wx1250mmH	1			8.7	0.43	0.89	10.03	5 %	10.30 %
	Size- 15000mmx750mm Wx1250mmH	4			6.6	0.33	0.68	7.60	5 %	10.30 %
	Size- 10000mmx750mm Wx1250mmH	4			4.52	0.23	0.46	5.21	5 %	10.30 %
45	Microprocessor based Ultrasonic Thickness Gauge Model ETM-2 with Accessories & Spares	1	Set	Electronic & Engineering Co. ft) Pvt Ltd. 8 - 2nd Floor, Jyoti Wire House, Off. Veera Desai Road, Andheri (West), Mumbai - 400053	0.64	0.08	0.06	0.78	12.5 %	10.30 %
Total - Indigenous Plant and Machinery					1620.9	73.39	15.91	1853.49		
Add: Transportation, Insurance, Erection, Commissioning, Installation etc.								92.67	5%	
Grand Total - (Indigenous Plant & Machinery)								1946.17		
Grand Total = Imported + Indigenous								3571.49		

Electrification Expenses

We propose to acquire and install cables, motors, panels, and other relevant electrical fittings, which shall be used in the plant and machinery installations and operations. We propose to spend an amount aggregating to Rs. 100.00 Lacs for the same. We have received quotations for key electrical cables from M/s. B.K. Trading aggregating to Rs. 84.00 Lacs and the remaining expenditure assumptions are based on our internal management estimates.

Contingencies

The company has earmarked contingency of an amount of Rs. 142.00 lacs which is approximately 3% of the building, plant and machinery cost.

2. Working Capital

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

Particulars	(Rs. In Lacs)	
	Existing as on 31/03/2010	Estimated amount as on March 31, 2012
Debtors	3162.23	6709.50
Inventory		
- Raw Materials	542.25	4473.00
- Stores and Spares	31.47	130.00
- Stock in process	200.00	1035.00
- Finished Goods	540.22	4307.33
- Scrap	19.44	-
Total Current Assets	4495.61	16654.50
Less: Current Liabilities	1528.64	5174.50



Net Working Capital Gap	2966.97	11480.00
Funded By:		
Banks (Cash Credit Facility & Letter of Credit)	2800.00	6400.00*
Internal Accruals / Unsecured Loans	166.97	[•]
Public Issue	-	[•]

* Presently the Company has valid sanctions for working capital facilities from a consortium of Banks comprising of Allahabad Bank, State Bank of India and Bank of Baroda aggregating to Rs. 6400.00 Lacs.

For the details of limits sanctioned and other terms and conditions, please refer section titled “Financial Indebtedness” on page 171 of the Draft Red Herring Prospectus.

Basis of estimation of working capital requirement

Particulars	Holding Norms (No. of days)
Debtors	90
Raw materials	60
Stores and Spares	90
Stock in process	15
Finished Goods	60

The above basis of estimation of working capital requirements are based on the assumption that the machines would be used upto 70% of their total production capacity.

3. General Corporate Purposes

We, in accordance with the policies set up by our Board, will retain flexibility in applying the remaining Issue Proceeds of this Issue, for general corporate purposes.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

4. Issue Expenses*

The break-up of issue expenses is as under:

Particulars	Estimated Expenses (Rs. In Lacs)
Fees to Intermediaries	[•]
Advertising and marketing expenses	[•]
Printing stationery and distribution	[•]
Others	[•]
Total estimated issue expenses	[•]

* would be incorporated post finalisation of issue price



Schedule of implementation

Sr. No.	Activity	Commencement	Completion
1	Purchase of Land	Acquired	
2	Building / Civil Work	January 2010	February 2011
3	Order for Plant & Machinery	March 2010	March 2011
4	Delivery of Machines	April 2010	April 2011
5	Erection / Commissioning	April 2011	May 2011
6	Trial Production	May 2011	
7	Commercial Production	June 2011	

Year wise break up of proceeds to be used

Factory shed and office building related civil works	Amount to be spent in 2010-2011	Amount to be spent in 2011-2012	Total
Expansion of Manufacturing Facility	3300.00	1699.48	4999.48
Working Capital	[•]	[•]	[•]
General Corporate Purposes	[•]	[•]	[•]
Issue expenses	[•]	[•]	[•]

Sources & deployment of Funds

As per the Certificate dated 09/12/2010 from M/s. Janardan Tamboli & Co, Chartered Accountants, the Company has upto 31/10/2010, deployed an amount aggregating Rs. 589.90 lacs towards the proposed objects. Details of the sources and deployment of funds as per the certificate are as follows:

Particulars	Estimated Expenses (Rs. In Lacs)
FUNDS DEPLOYED	
Civil works	185.90
Plant and Machinery (Procurement and Installation)	195.39
Advance to suppliers (Plant & Machinery)	109.60
Electrification Expenses	76.66
Other Assets	17.33
Issue expenses	5.00
Total funds deployed	589.90
SOURCES OF FUNDS	
Share capital plus premium	589.90
Total funds employed	589.90

Interim Use of Funds

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



Monitoring of Utilization of Funds

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

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



BASIS OF ISSUE PRICE

Investors should read the following basis with the “Risk Factors” beginning on page 11 and the details about the business our Company and its financial statements included in the Draft Red Herring Prospectus on page 90 & 137 respectively to get a more informed view before making any investment decisions.

Qualitative Factors

For qualitative factors pertaining to the pricing of this issue please refer to “Our Business” on page 90 of this Draft Red Herring Prospectus.

Quantitative factors

1. Adjusted Earnings Per Share**

Financial years	EPS (Rs)	Weights
2007/2008	14.55	1
2008/2009	0.48	2
2009/2010	2.78	3
Weighted Average EPS	3.98	

*Source Auditors Report

The Adjusted EPS** for the three months period ended June 30, 2010 is Rs. 0.72/-

**The EPS Calculations include the retrospective effect from bonus issues made by the company on 20-09-2010 and 11-11-2010. For further details, please refer to “Annexure XVI” of the “Auditors Report” on page 156 of this Draft Red Herring Prospectus.

2. Price/Earnings Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share

Particulars	P/E ratios
P/E based on EPS for the year ended March 31, 2010 at the lower end of the price band	[●]
P/E based on EPS for the year ended March 31, 2010 at the upper end of the price band	[●]
P/E based on Weighted Average EPS at the lower end of the price band	[●]
P/E based on Weighted Average EPS at the upper end of the price band	[●]
Industry P/E	
Highest- Jai Corp	50.80
Lowest- Southern Ispat	3.50
Average	15.30

*Source: Capital Market, Dec 13-26, 2010; Sector–Steel (Medium & Small)

3. Return on Net Worth in the last three years

Particulars	RONW (%)	Weights
Year ended March 31, 2008	33.71%	1
Year ended March 31, 2009	4.94%	2
Year ended March 31, 2010	14.49%	3
Weighted Average RONW	14.51%	



The RONW for the three months period ended June 30, 2010 is 5.56%

Minimum Return on Post-Issue Networth to maintain pre-issue EPS at March 31, 2010 is [●]

4. Net asset value (Rs.)

Financial year	Net worth	No. of shares	Amount in lacs
			NAV(Rs.)
2007/2008	415.77	15.72	26.45
2008/2009	586.97	20.33	28.87
2009/2010	1470.25	34.18	43.01

* Source Auditors Report

5. Net Asset Value (NAV) per share and comparison thereof with after issue NAV along with Issue Price

Sr. No.	Particulars	Amount (In Rs.)
1.	As on March 31, 2010	43.01
2.	After Issue	[●]
3.	Issue Price	[●]

*Source Auditors report

6. Comparison of Accounting Ratios with Peer Group Companies

Particulars	Face Value (Rs.)	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Ratnamani Metals and Tubes Limited	2	17.20	7.10	25.20	78.00
Prakash Steelage Limited	10	10.10	10.70	41.40	68.40
Zenith Birla (I) Limited	10	0.60	-	5.70	18.40
T.N. Steel Tubes	10	-	-	-	(7.70)
Jai Corp Limited	1	2.90	50.80	2.00	148.00
Modern Tube Industries Limited	10	2.78	[●]	14.49	43.01

*Source: Capital Market, Dec 13-26, 2010; Sector–Steel (Medium & Small)

(All financial ratios are pertaining to the audited results for the F.Y. ended March 31, 2010.

The Company in consultation with the Book Running Lead Manager believes that the issue price of Rs. [●]/- per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

The Face Value of the Equity Shares is Re. 10/- per share and the Issue Price is [●] times of the face value i.e. Rs. [●]/- per share.



STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors
Modern Tube Industries Limited
Survey No. 873, Near GIDC Por,
National Highway No. 8,
Ramangamdi, Dist. Vadodara - 391243.

Sub: Statement of Possible Tax Benefits Available To the Company and Its Shareholders

We M/s Janardan Tamboli & Co, Chartered Accountants are the Statutory Auditors of Modern Tube Industries Limited having its registered office at Survey No. 873, Near GIDC Por, National Highway No. 8, Ramangamdi, Dist. Vadodara – 391243. We hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

Special tax benefits available to the Company:

There are no special tax benefits available to the company or its shareholders

General tax benefits available:

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

A. Benefits to the Company

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

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

2. Computation of capital gains

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

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the Company from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock



exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

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

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

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

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. Exemption of capital gains arising from income tax

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

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

6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Beside normal depreciation, the Company, in terms of section 32(1)(ia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new eligible plant and machinery for the period of one year after acquired on or after 31st March, 2005.

7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as



per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act without any restriction on time period.

10. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

Carry forward and Set off of Business Loss

11. Business losses if any, for any AY can be carried forward and set off against business profits for eight Subsequent AYs.

12. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

13. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

14. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against Subsequent year's long-term capital gains for subsequent 8 years.

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

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

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic Company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act. The Company is liable to pay a 'Dividend Distribution Tax' currently at the rate of 16.995% (including applicable surcharge and education cesses) on the total amount distributed or declared or paid as dividend (whether interim or final).

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

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

3. Computation of capital gains

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



As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is

permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/Improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

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

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

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

4. Exemption of capital gains arising from income tax

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

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

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

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

5. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.



6. Under section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the Taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

7. Business losses if any, for any AY can be carried forward and set off against business profits for eight Subsequent AYs.

8. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

9. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

10. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against Subsequent year's long-term capital gains for subsequent 8 years.

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

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

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

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

3. Computation of capital gains

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

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency.



The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

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

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

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

4. Exemption of capital gain from income-tax

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

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

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

5. Non resident taxation

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

a) Under section 115E of the Act, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset, other than a specified asset, such income shall be taxed at a concessional rate of 20 percent. Also, where shares in the company are subscribed to in convertible foreign exchange by a non-resident Indian, long term capital gains arising to the non resident Indian shall be taxed at a concessional rate of 10 per cent. The benefit of indexation of cost would not be available.



b) Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible foreign exchange will be exempt from income tax, if the net consideration is reinvested in

specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

c) In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.

d) In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

6. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.

7. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

8. Under section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

9. Tax Treaty Benefits

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

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

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

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

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

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India,



shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

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

Rate of tax

Nature of Income	(%)*
Long – Term Capital Gains	10
Short – Term Capital Gains	30

* Plus applicable surcharge and cess

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

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

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

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

4. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

5. Under section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

6. Tax Treaty Benefits

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

E. Benefits to the Mutual Funds

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

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



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

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or

Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

F. Benefits to the Venture Capital Companies / Funds

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

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

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

G. Benefits under the Wealth Tax Act, 1957

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

H. Benefits under the Gift Tax Act

The Gift Tax Act, 1958 is now abolished.

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

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

a) Any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum;

b) Any immovable property, without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;

c) Any property, other than immovable property,

i. without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

ii. for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration the same would be considered as income of such individual or HUF. The term "any property" also includes shares and securities.

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



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

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

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

There are some exceptions to this provision:

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

I. Tax Deduction at Source

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

Notes

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



the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

For Janardan Tamboli & Co.
Chartered Accountants

CA Janardan T. Tamboli
Proprietor
M. No. 34062

Place: Vadodara
Date: October 26, 2010



SECTION IV: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

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

Overview of the Global Macroeconomic Environment

The global economy recovered faster than expected, led by robust growth in Emerging Market Economies (EMEs). Global output increased by over 5 per cent in Q1 of 2010 but it has hit a soft patch thereafter due to concerns stemming from the sovereign debt situation in the euro area. The IMF revised upwards its global growth projections for 2010 to 4.6 per cent from 4.2 per cent earlier. Recovery continues to remain uneven across countries in terms of both pace as well as sustainability. Fiscal austerity measures being adopted in many advanced economies could potentially dampen the growth impulses in these economies.

Emerging Market Economies are expected to continue the process of normalisation of monetary policy in view of their stronger recovery, emerging inflationary pressures, and risks of asset price build-up. Advanced economies, on the other hand, may further delay monetary exit, due to the emergence of new risks to recovery, as also their well anchored inflation expectations. According to the IMF, while headline inflation in advanced economies could remain subdued at around 1.5 per cent or below, in emerging and developing economies inflation will edge up to more than 6 per cent in 2010.

The IMF assessment suggests that because of the low risk appetite of global investors in general after the euro area developments, capital flows to EMEs may decline initially before recovering again driven by their higher growth prospects and lower public debt. Exchange rates of key currencies have been highly volatile in recent months. While the Chinese Yuan exhibited some appreciation, the euro has depreciated significantly. World trade, though recovering, is yet to revert to the pre-crisis level. Divergent growth and inflation conditions are likely to increase the asymmetry in the stance of monetary and fiscal policies across countries, which in turn could feed into the equity, foreign exchange and commodities markets to accentuate volatility.

(Source: Macroeconomic and Monetary Developments First Quarter Review 2010-11, Reserve Bank of India)

Snapshot of the Indian Economy

India, the world's largest democracy in terms of population (1.2 billion people), had real GDP on a purchasing power parity basis of approximately US \$ 3.56 trillion as per the 2009 estimate. This makes it the fifth largest economy by GDP in the world after the European Union, the United States of America, China and Japan.

(Source: CIA World Factbook)

After experiencing a distinct moderation in growth to 6.7 per cent in 2008-09, the Indian economy recovered in 2009-10 with a growth of 7.2 per cent (as per Central Statistical Organisation (CSO) advance estimates).

Quarterly growth trends during 2009-10 indicate moderation in Q3 after the strong recovery seen in Q2. This moderation in growth resulted primarily from two factors: first, the adverse impact of deficient monsoon on agricultural output getting largely reflected in Q3 data. Second, the impact of high base in Q3 of 2008-09, when 'community, social and personal services' had exhibited higher growth reflecting disbursement of Sixth Pay Commission arrears. If the impact of these two factors is netted out, Q3 growth maintains the momentum seen in earlier quarters. The acceleration in industrial growth has been particularly strong since December 2009.



Industrial output, which was affected by the cyclical slowdown and international commodity price shocks in 2007-08 and the global recession in 2008-09, recovered substantially in 2009-10. The Index of Industrial

Production (IIP) registered double digit growth during October 2009 to February 2010. The industrial growth was driven by the manufacturing sector, with a weighted contribution of 88.8 per cent, higher than its weight of 79.4 per cent in the IIP.

The headline inflation, which remained at 9.9 per cent in February-March 2010, has emerged as a major policy concern. In the recent weeks, while food inflation is showing signs of slowdown, inflation in fuel and manufactured products is causing more generalized inflationary pressures.

In sum, there is an overall improvement in business sentiments and economic activity, but concerns relating to elevated levels of inflation remain in the near term. It is likely that the growth impulses could further strengthen during 2010-11, and therefore, anchoring inflationary expectations without hurting the growth process continue to be the focus of monetary policy.

(Source: Macro Economic and Monetary developments in 2009-10 issued by the RBI on April 19, 2010)

Global Steel Industry

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

The Top Ten Steel Producing countries are listed below:

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

* Provisional

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

Overview of the Indian Steel Industry

Brief History of Indian Steel Industry

At the time of independence in 1947, India had only three steel plants - the Tata Iron & Steel Company, the Indian Iron and Steel Company and Visveswaraya Iron & Steel Ltd and a few electric arc furnace-based plants. The period till 1947 thus witnessed a small but viable steel industry in the country, which operated with a capacity of about 1 million tonne and was completely in the private sector. From the fledgling one million tonne capacity status at the time of independence, India has now risen to be the 5th largest crude steel producer in the world and the largest producer of sponge iron. As per official estimates, the Iron and Steel



Industry contributes around 2 per cent of the Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IIP) is 6.2 per cent.

Traditionally, Indian steel industry has been classified into Main Producers (SAIL plants, Tata Steel and Vizag Steel / RINL), Major Producers (plants with crude steel making capacity above 0.5 million tonne - Essar Steel,

JSW Steel, Jindal Steel & Power and Ispat Industries) and Other Producers. The latter comprises of numerous steel making plants producing crude steel/finished steel (long product/flat product)/ pig iron/ sponge iron and are spread across the different states of the country.

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

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

* Provisional

Steel Industry performance and growth outlook

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

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

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

Source: JPC
* = Provisional

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

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

Indian steel industry has just come out of the slowdown that affected its performance during 2008-09. Domestically, 2009 ended on a relatively better and encouraging note, with CSO reporting an overall



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

SWOT Analysis for the Steel Industry

The strengths, weaknesses, opportunities and threats for the Indian Steel Industry have been listed below:

Strengths:

- Availability of Iron Ore and Coal
- Low Labour Wage Rates
- Abundance of Quality Manpower
- Mature Production Base

Weaknesses:

- Unscientific Mining
- Low Productivity
- Coking Coal Import Dependence
- Low R&D Investments
- High Cost of Debt
- Inadequate Infrastructure

Opportunities:

- Unexplored Rural Markets
- Growing Domestic Demand
- Exports
- Consolidation

Threats:

- China Becoming Net Exporter
- Protectionism in the West
- Dumping by Competitors

(Source: MTIL Management)

Types of Steel

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

There are broadly two types of steel according to its composition: alloy steel and non-alloy steel. Alloying steel is produced using alloying elements like manganese, silicon, nickel, chromium, etc. Non-alloy steel has no alloying component in it except that are normally present such as carbon. Non-alloy steel is mainly of three types viz. mild steel (contains upto 0.3% carbon), medium steel (contains between 0.3-0.6% carbon) and high

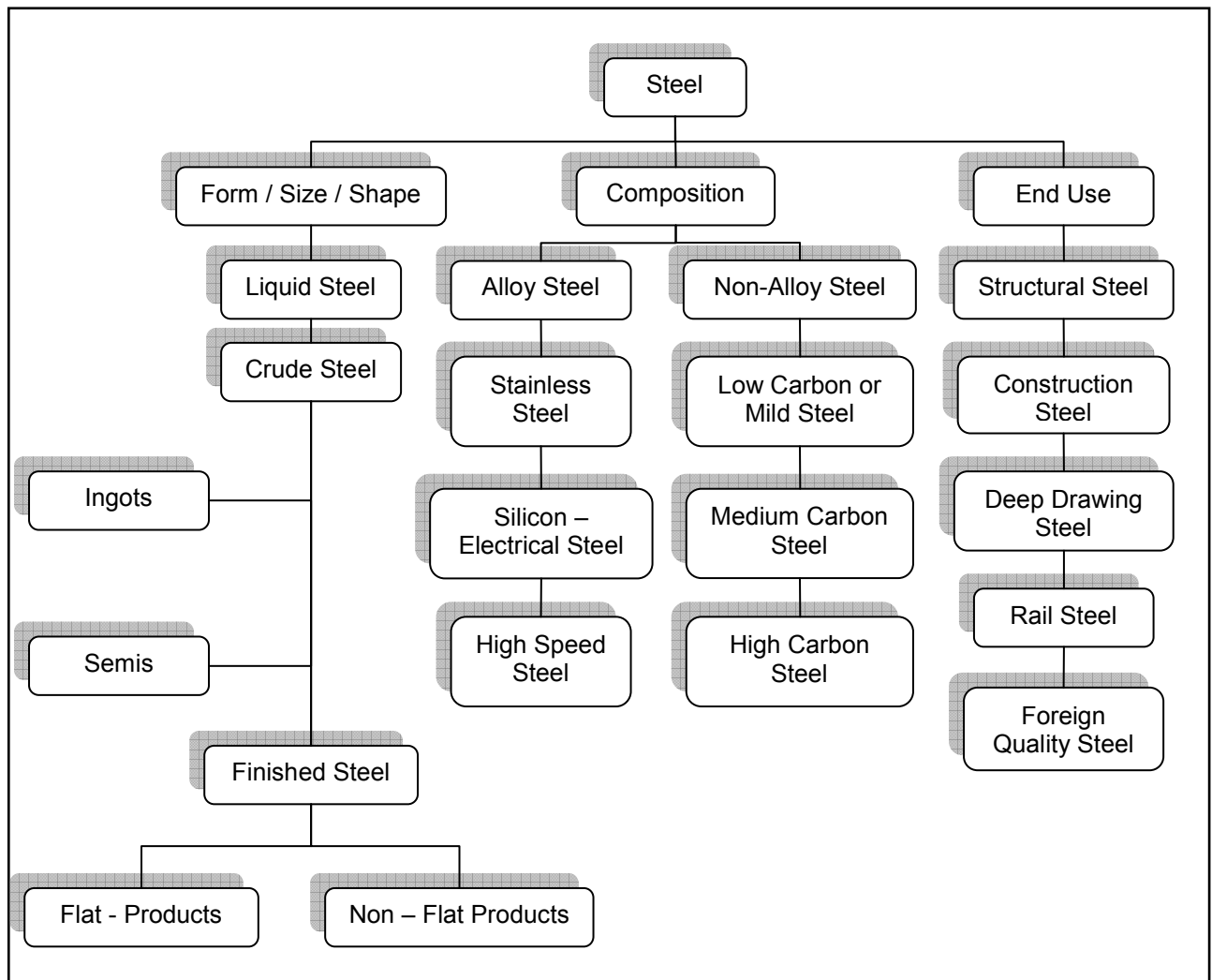


steel (contains more than 0.6% carbon). All types of steel other than mild steel are called special steel. It is mainly because a special care is taken in order to maintain particular level of chemical composition in such steel. This process gives different properties to the steel according to its composition. In India, non-alloying steel constitutes about 95 percent of total finished steel production, and mild steel has large share in it.

According to shape/size/form steel is categorized into different types such as liquid steel, ingots, semis (semi-finished steel) and finished steel. Liquid steel is a first product that comes out from Steel Melting Shop. Liquid steel further goes into ingots, and then ingots advance to semis. Semis are called semi-finished steel

products because they are further subject to forging/rolling in order to produce finish steel products such as flat steel products and long steel products. Crude steel generally includes ingots and semis.

According to end use, steel is categorized into structural steels, construction steel, deep drawing Steel, forging quality, rail steel, etc. The following chart depicts various types of steel products according to different categories.



Source: Indian Steel Industry, Final Report: January 2009 by Public Enterprises, Government Policy and Impact on Competition



Stainless Steel Overview: Features & Benefits

Stainless steel is essentially a low carbon steel which contains chromium at 10% or more by weight. It is this addition of chromium that gives the steel its unique stainless, corrosion resisting properties.

The chromium content of the steel allows the formation of a rough, adherent, invisible, corrosion-resisting chromium oxide film on the steel surface. If damaged mechanically or chemically, this film is self-healing, provided that oxygen, even in very small amounts, is present. The corrosion resistance and other useful properties of the steel are enhanced by increased chromium content and the addition of other elements such as molybdenum, nickel and nitrogen.

Most metals are not used in their pure form but have alloying elements added to change their properties. The addition of a second element such as chromium to iron can significantly alter the corrosion properties. "Stainless Steel" is the general name for a large family of alloys that contain at least 10.5% chromium. At and above this level, an extremely thin surface layer is instantaneously formed (as long as oxygen is present) that prevents the diffusion of oxygen atoms through this layer and protects the iron in the matrix from rusting. This is called "passivation" and the material in the passive condition is highly corrosion resistant. Several other alloying elements can be added to this chrome-iron matrix to form well over 150 different compositions, each with unique characteristics. This family of stainless steels can be divided into five (5) categories:

1. Austenitic Stainless Steels Alloys

The carbon content is generally held to a maximum of 0.08% (302, 309 & 310 have slightly higher levels). Chromium is in the range of 16.0 to 28.0% and nickel between 3.5 & 32.0%. These alloys cannot be hardened by heat treatment and are non-magnetic. They all exhibit excellent corrosion resistance (Molybdenum is added for resistance to chlorides), have great ductility and toughness.

2. Ferritic Stainless Steels Alloys

The carbon levels here are also low, generally below 0.12% (442, 446 are at 0.20). The chromium content can vary from 10.5 to 30.0%. These grades cannot be hardened by heat treatment but they are magnetic. They have good corrosion resistance (particularly to chloride stress corrosion cracking) but are generally not chosen for toughness.

3. Martensitic Stainless Steels Alloys

These grades do have a relatively high carbon level compared to the other categories. Carbon can range from 0.15 to 1.20%. Chromium levels between 11.5 & 18.0%. They can be heat-treated to very high hardness levels. They are also magnetic.

4. Duplex Stainless Steels Alloys

These are a combination of both austenitic and ferritic structures. The carbon levels are very low (below 0.03%). Chromium between 21.0 & 26.0% with nickel from 3.5 to 8.0% and may contain molybdenum up to 4.5% and nitrogen 0.05 to 0.30% These alloys are magnetic, and offer increased tensile and yield strength over the other categories.

5. Precipitation Hardening Steels Alloys

Also low carbon (0.09 max.), they have good corrosion resistance and are characterized by ease of fabrication. High strength can be developed at relatively low temperature (500-800C) so distortions are minimized. Chromium between 12.25 & 18.0%, with nickel 3.0 to 8.5%. Molybdenum, in some grade between 2.0 and 2.5%, with additions of Aluminum, copper, rare earths and nitrogen.

(Source: Stainless Steel Information Center (SSINA) - "<http://www.ssina.com/about/index.html>")



World Stainless Steel Production:

Just under 7.5 mmt of stainless steel was produced during the first quarter of 2010, almost the highest ever volume for the first three months of a year. All areas of the world contributed to the increase in production. The break-up of the same is shown in the following table:

(in '000 metric tons)

Region	Quarter		Q - o - Q + / - %	First Quarter		Y - o - Y + / - %
	4 th of 2009	1 st of 2010		2009	2010	
Western Europe / Africa	1807	2070	14.5	1315	2070	57.4
Central & Eastern Europe	62	68	10.4	50	68	37.2
The Americas	465	733	57.5	409	733	79.1
Asia (excluding China)	2130	2165	1.7	1289	2165	68.0
China	2236	2436	8.9	1769	2435	37.7
World Total	6700	7472	11.5	4832	7472	54.6

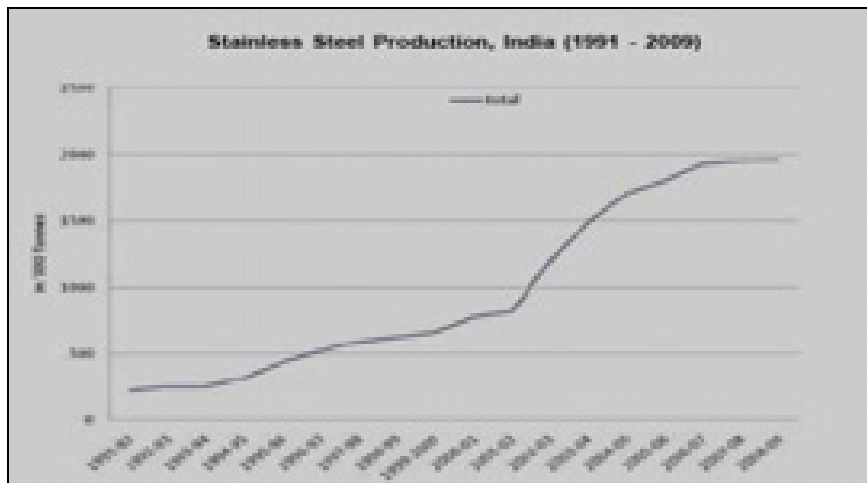
While impressive, the year-on-year comparison should be reviewed in the light of the following points:

- Production in the first quarter of 2009 was almost the lowest in a decade due to the effects of the global recession which was followed by heavy de-stocking.
- The global economy began to recover in the second half of 2009 and manufacturing activity in stainless-using industries, such as the automotive sector, started increasing.
- After a very strong destocking in 2009, better market conditions may encourage many fabricators and stainless steel stockholders to replenish their stocks.

Source: International Stainless Steel Forum (ISSF), www.worldstainless.org

Production of Stainless Steel in India

As shown in the illustration below, the production of stainless steel in India has grown from around 2,50,000 tonnes in 1991-92 to approximately 20,00,000 tonnes in 2008-09 showing a CAGR of around 13% p.a.



(Source: <http://www.stainlessindia.org/UploadPdf/20th%20Anniversary%20Special%20Issue%20-SI.pdf>)

Stainless Steel Pipe and Tubing



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

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

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

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

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

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

The global size of stainless steel is approximately 28 million tons, while the domestic size of stainless steel is 2 million tons in India.

(Source: http://www.indpipe.com/images/PDF/stainless_steel_pipe_specification.pdf)

Industry Outlook

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



BUSINESS OVERVIEW

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Red Herring Prospectus, including the information contained in the section entitled "Risk Factors," beginning on page 11 of the Red Herring Prospectus.

In this section, a reference to the "Company" means 'Modern Tube Industries Limited'. Unless the context otherwise requires, references to "we", "us", or "our" refers to 'MTIL'.

OVERVIEW

We are engaged in the manufacturing of high quality stainless steel seamless and welded tubes, u-tubes & pipes as well as the export-import of sheets, coils, seamless tubes in all AISI and ASTM standard and grades on made to order basis as well as standard stock basis. Starting with an initial capacity of 180 metric tons per annum in 2006, today we have an annual installed capacity of 7200 metric tons per annum. Our products are exported to over 10 countries across the globe including the USA, UK, Canada, and various countries in South-East Asia.

Our six acre manufacturing plant is located near GIDC, Por, Vadodara and is adjacent to National Highway No. 8, which connects New Delhi to Mumbai and passes through state capitals like Gandhinagar & Jaipur as well as other cities like Surat & Ahmedabad.

Our Management Systems have been certified to be in compliance with ISO 9001:2008 by Bureau Veritas Certification (I) Pvt. Ltd. Also, the quality of products engineered by us are approved and certified by large engineering and infrastructure companies such as Bureau Veritas, Germanischer Lloyd, Inspectorate Griffith India Pvt. Ltd, Det Norske Veritas AS, etc.

Our Revenues have grown from Rs. 781.59 Lacs in fiscal 2006-07 to Rs. 10690.29 Lacs in fiscal 2009-10, at a CAGR of 139.15%. Our earnings before interest, tax, depreciation and amortization have increased from Rs. 131.92 Lacs in 2006-07 to Rs. 703.65 lacs in 2009-10, at a CAGR of 74.72%. Our profit after tax has increased from Rs. 18.25 lacs in fiscal 2006-07 to Rs. 236.03 lacs in fiscal 2009-10, at a CAGR of 134.73%.

Further, to improve the operations, we have decided to undergo expansion of the plant's capacity by adding different sizes as well as by further augmenting current product capacities at the existing manufacturing facility. With the same, we plan to achieve an installed capacity of 14,400 metric tons.

COMPETITIVE STRENGTHS

We are in the business of manufacturing stainless steel welded & seamless pipes and tubes. We are an ISO 9001-2008 certified Company are proud recipients of various third-party certifications. We believe that following are our principal competitive strengths:

Strong Management Team:

Our Company is managed by a team of professionals led by the Managing Director - Mr. Mahendra Bhansali and our Executive Director – Mr. Himanshu Sharma. Our Executive Directors and Key Managerial Team have requisite qualifications and significant industry experience and this has been instrumental in the consistent growth of our Company's financial and operational performance. For further details regarding our executive directors and key managerial team see "Our Management" on page 118 of this Draft Red Herring Prospectus.

Relationship with Established Players in Industry:

Our customer base includes a diverse set of industries including Chemicals, Pharmaceuticals, Petrochemicals, Power, Dairy, Oil & Gas Explorations, Synthetic Fiber, Sugar, Paper, Rayon, etc. We enjoy credible relationship with Gujarat Narmada Valley Fertilizers Company Limited, Bombay Dyeing Limited, Grasim Industries Limited, Birla Cellulose Limited, Reliance Industries Limited, Reliance Petroleum Limited,



Tata Chemicals Limited, etc. The Company is well poised to benefit from this strong relationship with the industry players enabling the Company to provide better services to its customers.

Existing Orders:

Currently, we are executing Orders from key players such as Maxim Tube Limited, Essar Heavy Engineering Services, IAF Marking, L&T, Gujarat State Fertilizers & Chemicals Ltd., etc. Apart from these, there have been numerous Enquiries also which may be converted into orders later. These have been received from existing clients like Gujarat Narmada Valley Fertilizers Company Limited, Torrent Pharmaceuticals Limited as well as from new prospective customers like BHEL (Hyderabad), D.A.E. (Tarapur & Chennai), Buhalmann Rohr Fittings (Germany) and Larsen & Toubro Limited (Chennai). Experience of handing such orders would give us a competitive advantage and increase stability for our future operations.

Multiple Products:

The Company manufactures a wide range of products based on the customer specifications. This allows the Company to cater to the diverse demands of its customers and to consolidate and establish its presence across geographical regions and other customers from diverse industrial segments.

Locational Advantages:

Our units are situated near GIDC Por (Gujarat) which is well connected by road and rail and is in close proximity to Vadodara City. It is at a distance of about 24 Kms from Vadodara and is located on National Highway – 8 connecting Mumbai to Vadodara. Apart from that, the nearest railway station is 'Itola' on the Western Railway which gives it easy access to New Delhi, Mumbai & Ahmedabad. This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.

Focus on Quality Assurance:

All our products adhere to national and international standards and go through exhaustive R&D, rigorous inspection by trained and experienced personnel. Thus the consistencies achieved in the high quality of our products provide a vital edge to our company. Apart from that, we also have a sophisticated testing facility to carry out Eddy-Current and Radiography Tests on our products as per International Specification requirements. Other tests such as Corrosion Test, Flange Test, Hardness Test, PMI Test, Flattening Test, Reverse Flattening Test, Flaring Test, Tensile Test, Hydro Test, Chemical Test, Pneumatic Test, etc help us maintain the required quality.

DETAILS OF OUR BUSINESS OPERATIONS

Location

Existing Manufacturing Facility:

Our Existing Manufacturing Unit is located at Survey No. 873, Near GIDC Por, Ramangamdi, National Highway 8, Vadodara – 391 243, Gujarat. The same also houses our corporate and registered office.

Marketing Offices:

Our Marketing Offices are setup at:

- Mumbai Office: 57, Old Sonawala Building, 1st Floor, Office No. 19, C. P. Tank, Mumbai – 04.
- Vadodara Office: 102, Avanti Chambers, Behind Express Hotel, Alkapuri, Vadodara – 390007.

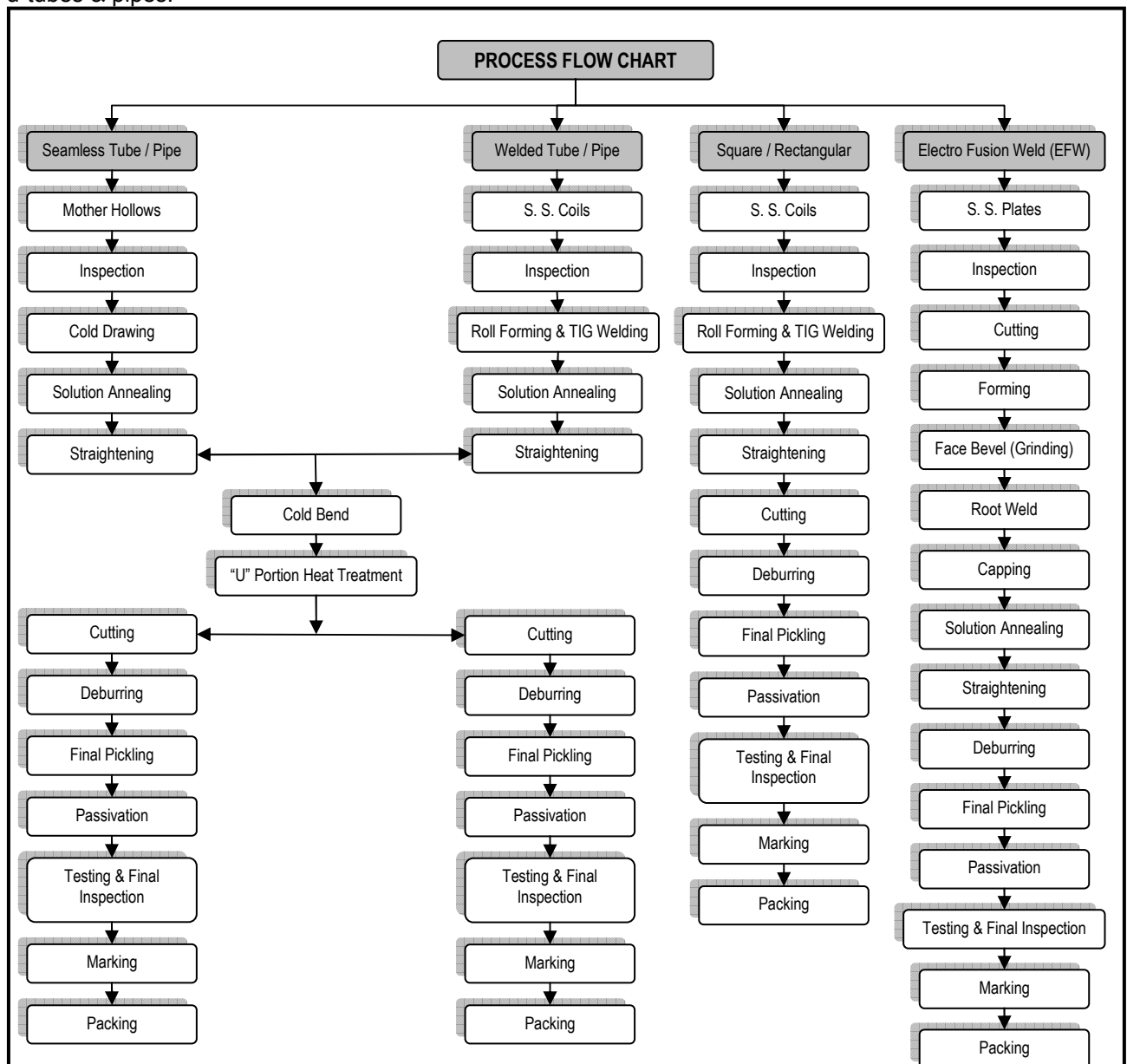


Plant, Machinery and Process

For the manufacturing of welded and seamless stainless steel tubes, u-tubes & pipes, our main production equipment includes the following:

- Pilger Mills
- Draw Benches
- Tube Mills
- Forging Press of 1000 MT
- Annealing Furnace
- 'U' bending Machine

The following flow-chart describes the manufacturing process of seamless and welded stainless steel tubes, u-tubes & pipes.





The process for manufacturing welded & seamless pipes is simple, conventional and accepted across the globe. However, the recent technological advancements have brought about paradigm shift in various stages that are involved in the entire process. Following is a brief description of the manufacturing process:

- Stainless Steel Coils are slitted in strips of different sizes depending upon the diameter of pipes required, which is fed from coiler and tubes are formed automatically on different stands with Rolls followed by automatic TIG Welding process without addition of any filler metal. Meanwhile, the welding bead line is polished continuously with the help of Automatic Bead Polishing Machine. The tube passes through a series of rolls to ensure the required tolerance is achieved as per specifications. The tube is cut to length and passed through few more processes like annealing, straightening, pickling, testing, marking and finally sent for packing before dispatch. The process is used primarily for manufacturing small diameter welded pipes.
- While the large diameter pipes are manufactured on 1000 MT Hydraulic Press using TIG welding and filler metal. Such large diameter pipes are then sized & straightened using 200 MT hydraulic press to meet dimensional requirements of the applicable specifications, and then the testing is carried out either by X-Ray or Hydrostatic Method.
- Seamless Pipes can be manufactured using Cold Drawing Method or Pilgering Method.
- Prime quality mother tubes are first coated with chemicals and soap and later put on Draw Benches for Cold Drawing using Tungsten Carbide Dies and plugs to reduce diameter and thickness of the tube. Again they are annealed, straightened, hydro tested, pickled, passivated and marked properly followed by the recommended testing before dispatch.
- Hot finished hollows can be put on drawing benches and Cold Pilger Mills for manufacturing special purpose pipes & tubes.
- Besides the company can also produce a variety of tubular forms with specific external and internal finishes like beveled pipes, polished pipes, U-tubing, etc.

Products and Services

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

- Stainless Steel Seamless Tubes / Pipes & U-Tubes
- Stainless Steel Welded Tubes / Pipes & U-Tubes
- Stainless Steel Welded Square & Rectangular Tubes
- Stainless Steel EFW Pipes
- U-Tubes

Demand for Stainless Steel seamless pipes and tubes is mainly derived from the important sectors like hydrocarbon, petrochemical, power generation engineering, sugar, dairy, pharmaceuticals, chemicals & fertilizers, infrastructure, furniture, automobile, interior decoration, railways and hence investment in these sectors would result in higher demand for Stainless Steel pipes. Due to the recent awareness and the durability / corrosion resistance issues, the demand for Stainless Steel pipes is expected to increase in the coming years. The Stainless Steel Seamless & welded tubes & pipes market is very independent compared to other markets of carbon & alloy steel seamless market.

Size / Range:

- **Seamless:**
Diameter: 6mm X 114.3mm



Thickness: 0.50mm X 14.00mm

- **Welded:**

Diameter: 9.52mm X 114.30mm

Thickness: 0.50mm X 6.0mm

- **Welded Square & Rectangular/Square:**

Dimension: 10mm X10mm X 75mm X 75mm

Thickness: 1mm X 4.0mm

- **Rectangular:**

Dimensions: 3mm X 10mm X 50mm X 100mm

Thickness: 1mm X 4.0mm

- **EFW Pipes:**

Diameter: 141.3mm X 609.6mm

Thickness: 2mm X 16mm

- **U-Tubes:**

Diameter: 12.7mm OD X 50.8mm OD

Thickness: 1 mm to 2 mm

Grade & Specifications:

1. Grades:

Austenitic Stainless Steel

TP304, TP340L, TP304H, TP309S, TP310S, TP316, TP316L, TP316H, TP317L, TP321, TP321H, TP347

Ferritic & Martensitic Stainless Steel

TP409, TP410, TP430

Duplex (Ferritic / Austenitic) Stainless Steel

S31803, S32205, S32750

2. Specifications:

ASTM A213, A249, A268, A269, A270, A312, A358, A554, A688, A789, A790.

Equivalent ASME, DIN, EN, JIS, etc

Application of the products

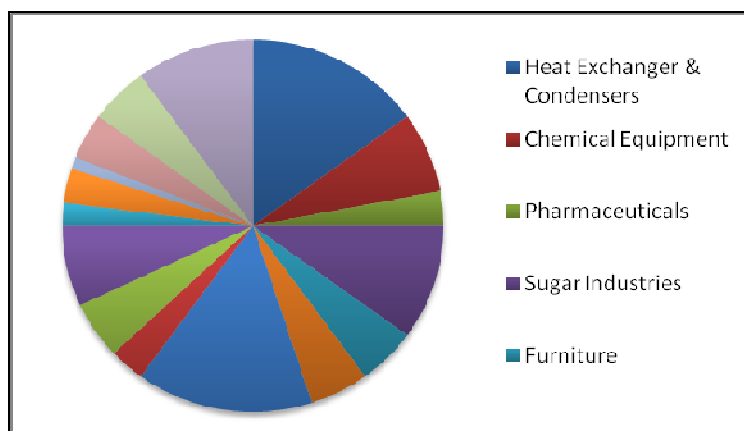
The Stainless Steel Seamless and Welded Pipes and Tubes manufactured by the Company are useful in manufacturing and various other segments such as:

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



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

Breakup of Industry where we supplied our products in the FY 2009-10:
(The % of various products given below is on approximate basis):



CLIENT BASE

Our Client Base includes companies like the following:

- Gujarat Ambuja Exports Ltd.
- Rhine Engg. (P) Ltd.
- Torrent Pharmaceuticals Ltd.
- Hindalco Projects Ltd.
- Alstom Projects Ltd.
- Essar Projects India Ltd.
- Gujarat State Fertilizers & Chemicals Ltd.
- GNFC – Gujarat Narmada Fertilizers Company Limited
- Bharat Heavy Plates & Vessels Ltd
- Lupin Limited
- Grasim Industries Limited
- Larsen & Toubro Limited (Chennai)

EXPORTS

We export our products to several MNC's in more than 10 countries across the world. We export our products to countries like the USA, UK, Canada as well as countries in South-East Asia. We enjoy credible relationship with USA Inox (USA), Delta Sugars (Egypt), IAF Marketing & Vertriebsgesellschaft, (Austria), Selina Trading LLC (UAE), Ofmeco SPA (Italy). The major customers of the Company are located at Europe and USA. Given below are export figures for the last three years:



Year	Exports (Rs. in Lakhs)
2007-08	3.41
2008-09	82.85
2009-10	126.67
3 Months ended June 2010	46.99

EXPORT OBLIGATIONS

We do not have any export obligation as on date of this Draft Red Herring Prospectus.

INFRASTRUCTURE FACILITIES

The details of the currently available infrastructure, utilities and other facilities are as follows:

i. Land & Site

The Company has land admeasuring 1,17,823.32 Sq. Ft. at Block No. 873/B (R. S. No. 720, 722, 730), Ramangamdi – Por, Vadodara, Gujarat where the current plant is located and complete 7,200 MT capacity is installed. Also, for the proposed plant expansion land admeasuring 1,46,332.09 Sq. Ft. at Block No. 873/A (R. S. No. 720, 722, 730), Ramangamdi – Por, Vadodara, Gujarat has already been bought and duly registered in our name.

ii. Plant & Machinery

The main plant and machinery being used in the manufacturing process of seamless and welded stainless steel tubes, u-tubes & pipes include Tube Mills, Pilger Mills, Plasma Cutting Machines, Annealing Furnaces, etc.

Also for the proposed expansion, the Company is set to purchase plant and machinery costing Rs. 3571.49 lakhs including imported machines to the tune of Rs. 1625.32 lakhs from USA & China. The list of proposed plant & machinery that the Company proposes is given in detail in the section “Objects of the Issue” starting on Page No. 54 of this Draft Red Herring Prospectus.

iii. Raw Materials

The basic raw materials needed are Stainless Steel Plate, HR Coil / Strips, fuel oil, etc. However, the main raw material used in the manufacturing of seamless tubes is mother hollow. This is purchased from local dealers. For manufacturing of welded tubes, the company purchases strips from Jindal Steel Limited and other local dealers.

iv. Power & Fuel

The Company has power connection of 475 KVA from Madhya Gujarat Vij Company limited (MGVCL) for its existing operations. The power consumption needed for its existing operations is around 160 – 170 KVA. The power connection is adequate to take up additional load of the proposed project. MTIL has also installed a wind mill of 600 KW capacity at Kutch to save power cost. The Company is also installing DG set of 320 KVA capacity as standby arrangement.

v. Compressed Air

Compressed air is used in the manufacturing process. The Company is installing compressors to meet the compressed air requirements.



vi. Water

The Company has its own 300 ft. bore well in the factory premises. The water requirement of the plant will be met by the currently present bore well.

vii. Manpower

The Company has currently employed 96 personnel for the operation of the existing facilities. As the plant is located in an industrial area, the requisite manpower is available locally.

Category	Company	Contracted Labour	Total
Managers	10	0	10
Officers / Executives	11	0	11
Supervisors	24	0	24
Assistants	12	0	12
Laborers	34	112	146
Trainees	5	0	5
Total	96	112	208

There is an agreement between Modern Tube Industries Limited and Mr. Jolly Varghese for the Supply of Skilled & Unskilled Labour for Labour Contract which is in effect from 01/04/2010 and is valid upto 31/03/2011. The scope of work as per the said agreement includes supply of skilled labour for labour contract for Big Pipe Fabrication & Forming work and supply of unskilled labour for labour contract for Material Loading & Unloading.

viii. Pollution / Effluent

The NOC from Gujarat Pollution Control Board (GPCB) for existing operation was taken on 25/05/2010. The Company shall apply to the GPCB to obtain an NOC for the proposed project.

BUSINESS STRATEGY

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

Following are the key strategic initiatives of our Company:

1. *Added Variety in the Product Range and thereby increase plant capacity:*

We plan to add more variety to the existing range of products offered by our company. The current range includes a wide variety of dimensions and sizes but we plan to further increase the same in order to capture a larger market share. We plan to offer seamless and welded stainless steel tubes and pipes in larger sizes and grades as well as providing custom finished pipes to clients as per their requirements and needs, while adhering to various National and International Standards like ASTM, ASME, DIN, JIS, EN, etc. Further we also plan to manufacture Seamless and Welded Pipes, Tubes & 'U' Tubes in Austenitic, Ferritic, Martensitic and Duplex Stainless Steel grades.



2. Increase in Order-taking Appetite by augmenting our working capital base

We plan to increase our order-taking appetite by having sufficient working capital funds. Currently, our seamless pipes capacity is running on 98% capacity but our welded pipes capacity is under-utilized and our machines for the same are not used upto their capacity. Hence, for our company to reach optimum utilization and to increase the production output, we need to have larger amount of liquid funds and sufficient working capital funds. The same are proposed to be mainly funded from the IPO proceeds.

3. Increase focus towards “Critical Application Products”:

Our present production is primarily for general purpose application. The expansion project will upgrade our product profiles and also we plan to increase our efforts on quality control for the expanded and modernized capacity, hence being able to produce pipes and tubes for critical application that will have value addition on our product which will increase our margins and further improve the profitability of our Company.

4. Third Party Certifications

Our current stainless steel welded and seamless tubes and pipes manufacturing plant along with our products have been certified by various third – party agencies. Our Plant and Products have been approved and certified by numerous companies and MNC’s across the globe including the likes of Bureau Veritas, Germanischer Lloyd, Inspectorate Griffith India Pvt. Ltd, Det Norske Veritas AS, etc among others. Our focus on continuous quality improvement will help us in getting larger orders and various other certifications and approvals. Our high standards and quality have also helped us in getting registration as an Approved Vendor for various companies such as Gujarat Narmada Valley Fertilizers Co. Ltd., Nuclear Power Corporation of India Ltd., Uranium Corporation of India Ltd., Fluid Control Research Institute, etc.

We believe in Quality over Quantity and thus we want to pay attention to high standard products as compared to higher volumes. This would lead to higher margins as clients are ready to pay a premium for such products. As a result, we are more of an order based company and receiving more third-party certifications and approvals for our plant and machinery along with the products produced would help us to obtain more orders and hence would lead to higher profitability for our company.

MARKETING SET UP

Our Company manufactures seamless & welded stainless steel Pipes, Tubes and U-tubes. With our technical expertise and quality products, we have earned a good reputation in the stainless steel tubes and pipes industry. Our Directors have management skills and are proven entrepreneurs having considerable experience in the steel industry.

Our Marketing Head Office is located in plant administration office building from where marketing managers as well as the marketing executives operate. Each executive is given different areas to operate in. All executives are regularly in touch with the existing customers and generate enquiries from them which are then converted in to orders. Customers are indentified through various sources like internet, Industry Guides, Advertisement in News Papers, Trade Journals, etc. Company Profiles are sent to them and personal visits are also arranged if required. In case of PSU’S and large customers, vendor registration forms are procured and sent with the necessary details and as per the company’s requirement. After getting registration, follow up for enquiries are done regularly. Approval from third party inspection agencies and large industrial consultants are being obtained so that orders are received by the company. Participation for tenders is done to procure large orders. Follow up and post sale customer relations are maintained for recurring orders. This is done by either visiting them personally or through e-mails. After sales service where ever necessary is arranged in association with technical personnel.

Functions of the marketing offices located at Mumbai & Vadodara is primarily to follow up with the clients to obtain and finalize orders where quotations were sent earlier. Along with that, follow up is also done for sales realization where materials are already supplied.



PROPERTIES

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

Immovable Properties:

Description	Owned / Leased	Name of Sellers / Lessee	Agreement Details	Purpose
Land and Premises at National Highway No. 8, Village – Por, Tal. & Dist. Vadodara, State Gujarat. Bearing Block/Survey No.: 873/A/Paike 2 Measuring Area: 13,597 Sq. Mtr.	Owned	Pramod Natvarbhai Shah Sanjay Natvarbhai Shah	Registered Sale Deed No. 9632/2006 Dated : 01-12-2006	Proposed Expansion
Land and Premises at National Highway No. 8, Village – Por, Tal. & Dist. Vadodara, State Gujarat. Bearing Block/Survey No. 873/B Measuring Area: 8,438 Sq. Mtr.	Owned	Satish Manibhai Patel	Registered Sale Deed No. 6714/2006 Dated : 10-08-2006	Current Plant Location
Land and Premises at National Highway No. 8, Village – Por, Tal. & Dist. Vadodara, State Gujarat. Bearing Block/Survey No. 748/A/Paike 1 Measuring Area: 1,400 Sq. Mtr.	Owned	Pakajbhai Jayantilal Gandhi Vasantkumar Jayantilal Gandhi	Registered Sale Deed No. 5476/2006 Dated : 29-06-2006	Current Registered Office
Land and Premises at National Highway No. 8, Village – Por, Tal. & Dist. Vadodara, State Gujarat. Bearing Block/Survey No. 749/A Measuring Area: 4,720 Sq. Mtr.	Owned	Shantilal Bhikhabhai Patel	Registered Sale Deed No. 5476/2006 Dated : 29-06-2006	Current Registered Office



Land and Premises at National Highway No. 8, Village – Por, Tal. & Dist. Vadodara, State Gujarat. Bearing Block/Survey No. 871 Measuring Area: 4,957 Sq. Mtr.	Owned	Aruna Dahyabhai Patel Jatin Dahyabhai Patel Lata Dahyabhai Patel, through Legal Guardian Aruna Dahyabhai Patel	Registered Sale Deed No. 5069/2007 Dated : 29-05-2007	Planned Future Expansion
Plot No. 196 situated in GIDC Por Ramangamdi, at Village Por, Tal. & Dist Vadodara Measuring Area: 956 Sq. Mtr.	Owned Leasehold Rights	Gujarat State Finance Corporation	Registered Sale Deed No. 8557/2006 Dated : 30-11-2005	Used as a Warehouse by the Company
Plot No. 322 situated in GIDC Por Ramangamdi, at Village Por, Tal. & Dist Vadodara Measuring Area: 1,595.95 Sq. Mtr.	Owned Leasehold Rights	Gujarat State Finance Corporation	Registered Sale Deed No. 4397/2007 Dated : 09-05-2007	Given to Aditya Forge on lease basis

All Land acquired by the Company has a clear title, is duly registered in the name of the Company and has no pending approvals.

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

Leased Properties:

The details of the properties which are taken on lease by the Company are given below:

Location	Owner	Rent (Rs. in Lacs)	Deposit (Rs. In Lacs)	Period of Agreement
57, Old Sonawala Building, 1st Floor, Office No. 19, C. P. Tank, Mumbai – 400 004.	Vallabh Mehta	Rs. 12,000 per month	NIL	09-11-2010 to 8-11-2012
102, Avanti Chambers, Behind Express Hotel, Alkapuri, Vadodara – 390 007.	Ramesh Bhansali	Rs. 12,000 per month	NIL	01-08-2010 to 31/07/2010

DETAILS OF PLANT & MACHINERY

a. Following is the list of main equipments used in the manufacturing process of **Welded Tubes & Pipes**:

Sr. No.	Description	Make & Model	Quantity
1	Tube Mill Range	Roll Makers & G. R. Mechanical	5
2	TIG Welding Machine	Techno Craft / Quality	8
3	Bead Polishing Machine	Grit Tools	8
4	Bead Rolling Machine	Path Equipments	2



b. Following is the list of main equipments used in the manufacturing process of **Seamless Tubes & Pipes**:

Sr. No.	Description	Make & Model	Quantity
1	Pilger Machine	LG – 30 H	4
2	Pointing Machine	Test Well Hydraulics	2
3	Draw Benches	Lotey Industries	2

c. Following is the list of main equipments used in the manufacturing process of **EFW Pipes**:

Sr. No.	Description	Make & Model	Quantity
1	Hydraulic Press – 1000 MT Capacity	Test Well Hydraulics	1
2	Hydraulic Press – 200 MT Capacity	Test Well Hydraulics	2
3	Plasma Cutting Machine	SPA England	1

d. Following is the list of main equipments used for **General Requirement**:

Sr. No.	Description	Make & Model	Quantity
1	Solution Annealing Furnace (LPG)	Vikas	1
2	Oil Fired Furnace	Vikas	2
3	Tube Straightening Machine	Dewas Tools	2
4	Cutting Machine	-	2
5	Polishing Machine	Grid Master	2
6	Car Washing Pump (Pickling)	ELGI Equipments	4
7	Boiler (Pickling)	Well Done India	1
8	Effluent Treatment	Metro Environment / Kadam	1
9	Air Compressor	ELGI Equipments	3
10	E.O.T. Crane 3 MT	Safex	1
11	E.O.T. Crane 5 MT	Safex	2
12	E.O.T. Crane 10 MT	Safex	1
13	Lathe Machine	Raj	4
14	Drilling Machine	Samir	2
15	Hydrostatic Machine 5000 PSI	Test Well Hydraulics	2
16	Eddy Current Machine	Techno Four	1
17	PMI Machine	MAX	1
18	Marking Machine	Domino	1
19	Tensile Testing Machine – 40 T	MCS	1
20	Hardness Testing Machine	MCS	1
21	Microscope	RV – 3	1
22	Stacking Trolleys	In-House	3



TESTING FACILITIES

Following are the Testing Facilities those are available In-House at our Plant:

Type of Test	Equipment & Details
Visual & Dimension Inspection	Vernier, Micrometer & Measuring Tapes
Hydro Testing	2 Hydro Bench & Calibrated Pressure Gauge
Pneumatic Testing	1 Air Under Water Tank & Calibrated Pressure gauge
Physical & Mechanical Testing <ul style="list-style-type: none"> - Flaring Test - Faltering Test - Flange - Reverse Flattening Test - Bend - Reverse Bend - Tensile Strength - Yield Strength - % of Elongation 	<ul style="list-style-type: none"> - Universal Tensile Machine with Complete computerized extensor meter which gives result for 0.2% to 1%. - Flaring Cones
Hardness Testing	Hardness Tester with Superficial Scale
Micro & Macro Testing	<ul style="list-style-type: none"> - Inverted Metallurgical Microscope RV3 with software which gives grain size as per spec E112. - Polishing Machine for sample preparation
Corrosion Testing	Corrosion Test carried out as per ASTM A-262 Practice "A" and "E".
Chemical Testing <ul style="list-style-type: none"> - Concentration of Acid Bath - Water PPM - PH of rinsing water 	Well Equipped chemical Laboratory
PMI	PMI Machine
NDT <ul style="list-style-type: none"> - ECT - DP 	<ul style="list-style-type: none"> - Eddy-Current Test Machine of Techno-Four - For DP Developer, Penetrate use.

CAPACITY

Existing Installed Capacity

Following are the details of the existing installed capacity of the company:

Particulars	For the Financial Year			
	2006-07	2007-08	2008-09	2009-10
Installed Capacity (MT)	200.00	1200.00	7200.00	7200.00
Capacity Utilization (MT)	94.39	192.27	806.34	2464.10
Capacity Utilization (%)	47.19	16.02	11.20	34.22

Proposed Capacity

Following are the details of the proposed capacity as per Company's Estimates:

Particulars	For the Financial Year		
	2010-11	2011-12	2012-13
Installed Capacity (MT)	14400.00	14400.00	14400.00



COMPETITORS

We mainly compete with other stainless steel pipe manufacturers in organized sector on the basis of availability of product, product range, quality, assortment and other factors based on price, reputation, customer service and customer convenience. In the domestic market, there are over 100 manufacturers of pipes but the market is dominated by around 20 players and then fragmented into other 80 smaller manufacturers. Out of the 20 large manufacturers, only 5 of them are from Gujarat state. Few of our Competitors who lead the major portion of the requirements of pipes in India are Prakash Steelage Limited, Ratnamani Metal & Tubes Limited, Bhandari Metal & Tubes Limited, Suraj Stainless & Tubes Limited, etc.

In the overseas market, we face strong competition from various major players who dominate the global steel pipes & tubes market. These include the likes of Arcelor-Mittal, Corus Group, Dofasco, Europipe, IPSCO, JFE Steel Corporation, Kobe Steel, Mac Steel, Melwar Industrial Group Berhad, Nippon Steel Corporation, Northwest Pipe Company, Wheatland Tube Company, etc.

Intellectual Property

We have applied for registration of our company's logo and trademark (TM-1) under Class 6 of the Act, at the office of Registrar of the Trademark, Ahmedabad, Gujarat on 22/10/2010 and the application number is 2042488. The application is pending for approval.

Quality Certification:

Issuing Body	Date of Certification	Certificate	Description
Bureau Veritas Certification (India) Pvt. Ltd.	7th June 2010	ISO 9001 : 2008	Certificate approving that the Management System of MTIL was audited and found to be in accordance with the requirements of ISO 9001:2008. The same is valid upto 3 rd June 2013
Bureau Veritas	24 th November 2008	Plant & Product Approval Certificate	Certificate for adequate manufacturing & testing facilities to produce quality products of Stainless Steel Seamless and ERW pipes as per ASTM A249, A269, A213, A268, A270, A312 & A358 of Grade TP304, 316, 321, 347, 202, 409 and 310S.
Germanischer Lloyd	24 th November 2008	Manufacturer's Capability Certificate	Certificate for satisfactory manufacturing and testing of welded and seamless stainless steel tubes covering aspects like Processing of Enquiry, Procurement Practices, Welding, NDT, Inspection & Testing Procedures and Storage Practices. The application for the renewal for the same is in the process of being made as this Certification has expired.
Inspectorate Griffith India Pvt. Ltd.	15 th July 2009	Plant & Product Approval Certificate	Certifying adequate manufacturing & testing facilities to produce quality products of Stainless Steel Seamless and ERW pipes / tubes as per specification ASTM A213, A249, A268, A269, A270, A312 & A358 of Grade TP202, TP304, TP316, TP321, TP347, TP202, TP409 and TP310S.
TATA Projects Limited	9 th September 2009	Acceptance Cum Release Note	Inspection of certain items (Seamless Tubes & Pipes) and found acceptable as per the stipulations specifications.



Det Norske Veritas AS	11 th September 2009	Inspection Release Note	Inspection of Heat Exchanger Tubes of specification: ASTM A213 SS304 and the quality was acceptable and met the applicable requirements and standards.
SGS India Pvt. Ltd.	31 st October 2009	Test Certificate	Test Certificate provided for Seamless Austenitic Stainless Steel Pipes having the specification of ASTM A312 '2007' and Grade 304. The same was reviewed and found satisfactory.
TUV India Pvt. Ltd.	16 th March 2010	Test Certificate	Test Certificate provided for Seamless Austenitic Stainless Steel Cold Drawn Tubes having the specification of ASME SA – 213 '2007' and Grade 316L. The same was reviewed and found satisfactory.
HSB Global Standards	31 st July 2009	Test Certificate	Test Certificate provided for Seamless Austenitic Stainless Steel Tubes having the specification of ASME SA – 213 '2007' and Grade TP304. The same was reviewed and found satisfactory.
Electromech Engineering Enterprise	19 th May 2009	Test Certificate	Test Certificate provided for Welded Austenitic Stainless Steel Pipes having the specification of ASME A – 312 '2006' and Grade TP316 TI. The same was reviewed and found satisfactory.
"V" Design	24 th September 2009	Test Certificate	Test Certificate provided for Seamless Austenitic Stainless Steel Pipes having the specification of ASME A – 312 '2007' and Grade TP316 L. The same was reviewed and found satisfactory.
Technical Development Committee for Indigenous Materials	8 th April 2010	Intimation of Provisional Approval	MTIL has been recommended as a registered vendor for the following product range and shall be included in the TDC Vendor List for the same range of products: SS Seamless Tubes, SS ERW Tubes & SS Welded Pipes. A recommendation has been made on the basis of the sample assessment by the Technical Development Committee (Central Zone).
TATA Chemicals Limited	18 th March 2010	Plant Approval Certificate	Certificate for approval of adequate infrastructure and manufacturing process of Stainless Steel ERW and Seamless Pipes. The Raw Materials, Manufacturing Process, Testing and Marking of MTIL brand name have been approved.
Gujarat Narmada Valley Fertilizers Co. Ltd.	25 th March 2009	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor for Seamless ERW Pipes as per ASTM A213 / A249 / A789.
Nuclear Power Corporation of India Ltd.	24 th June 2009	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor for Stainless Steel Pipes and Tubes as per ASTM A213 Seamless, ASTM A249 Welded, ASTM A312 Seamless & Welded, ASTM A358 Welded, ASTM A688 Tubes for Heat Exchanger & Condenser.
Bharat Heavy Plate & Vessel Ltd.	10 th April 2008	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor for Pipes & Tubes.



East Coast Railway	27 th January 2009	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor of stores for East Coast Railway.
Uranium Corporation of India Ltd.	9th February 2009	Plant & Product Approval Certificate	Certificate for approval of adequate infrastructure and manufacturing process of Stainless Steel ERW and Seamless Pipes. The Raw Materials, Manufacturing Process, Testing and marking of MTIL brand name have been approved.
IRCLASS Indian Register of Shipping	25 th September 2008	Certificate of Assessment	Certificate of Assessment was given after a survey of the production line and procedures. The overall score of 9.03 out of 10 was rewarded and final grading of A+ was given.
Bharat Pumps & Compressors Ltd.	8 th July 2010	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor for Pipes & Tubes.
Fluid Control Research Institute	30 th June 2010	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor for Stainless Steel Pipes, Tubes & "U" Tubes as per ASTM A213 Seamless, ASTM A249 Welded, ASTM A312 Seamless & Welded, ASTM A358 Welded, ASTM A688 Tubes for Heat Exchanger & Condenser.
Jubilant Organosys Limited	16 th July 2009	Confirmation of Registration as an Approved Vendor	Confirmation of Registration as an approved Vendor for Pipes & Tubes.
Engineers India Limited	30 th November, 2010	Confirmation of enlistment as an Approved Vendor	Confirmation of Enlistment as an approved vendor for Seamless Stainless Steel Pipes upto 2" in size and for Seamless Stainless Steel tubes upto 50.8mm in size.
Bharat Heavy Electricals Limited, Hyderabad	23 rd April 2010	Confirmation of enlistment as an Approved Vendor	Confirmation of Enlistment as an approved vendor for Stainless Steel Seamless Pipes and Stainless Steel Welded Pipes.
Bharat Heavy Electricals Limited, Bhopal	23 rd August 2010	Confirmation of enlistment as an Approved Vendor	Confirmation of Enlistment as an approved vendor for Stainless Steel Seamless Pipes and Stainless Steel Welded Pipes.
National Federation of Cooperative Sugar Factories Limited	27 th October 2010	Confirmation of enlistment as an Approved Vendor	Confirmation of Registration as an approved manufacturer for Stainless Steel Tubes.
Indian Boiler Regulation, Office of the Director of Boilers, Ahmedabad	26 th October 2010	Confirmation of enlistment as an Approved Vendor	Confirmation of Enlistment as an approved vendor for Stainless Steel Seamless and Welded Pipes, Tubes & U-Tubes of various sizes and thickness.

INSURANCE

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



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

Name of Insurance Company	Policy Number	Period		Location	Details	Sum Insured (Rs. in Lakhs)	Premium (Rs. In Lakhs)
		Begin Date	End Date				
The New India Assurance Company Limited	230300/11/10/11/00000577	29/06/2010	28/06/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Standard Fire and Special Perils Policy covering Factory Building, Office Building, Compound Wall, Security Cabin, Plant & Machinery with all Accessories, Electrical Installations, Furniture, Fixtures & Fittings, Stocks, Windmill, Accessories & Structure.	2668.75	1.95
The New India Assurance Company Limited	220300/42/10/03/00001822	29/06/2010	28/06/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Group Personal Insurance for a Total of 71 persons including Directors, Managers, Staff, etc.	71.00	0.09
The New India Assurance Company Limited	220300/36/10/01/00000414	29/06/2010	28/06/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Workman Compensation Policy - Liability Insurance for Labourers including Supervisors and Engineers	N.A.	0.33
The New India Assurance Company Limited	220300/36/10/01/00000415	29/06/2010	28/06/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Workman Compensation Policy - Liability Insurance for Labourers including Supervisors and Engineers	N.A.	0.33



The New India Assurance Company Limited	220300/36/10/01/00000416	29/06/2010	28/06/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Workman Compensation Policy - Liability Insurance for Labourers including Supervisors and Engineers	N.A.	0.33
The New India Assurance Company Limited	22030031100100012847	16/07/2010	15/07/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Vehicle Insurance Policy: GJ-6-Z-4250 Eicher 11.10	3.82	0.11
The New India Assurance Company Limited	22220031100100000184	20/04/2010	19/04/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Vehicle Insurance Policy: GJ-6-Z-2902 Swaraj Mazda	7.84	0.31
United India Insurance Company	060400/31/09/01/00010550	03/02/2010	02/02/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Vehicle Insurance Policy: GJ-6-VV-9977 Tata Lpi 1613	10.93	0.22
The New India Assurance Company Limited	22030031100100031948	01/12/2010	31/11/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Vehicle Insurance Policy: GJ-6-DG-4002 Hyundai i10	3.28	0.08
The Oriental Insurance Company Limited	121300/31/2011/653	23/06/2010	22/06/2011	102, Avanti Chambers, Behind Express Hotel, Alkapuri, Vadodara – 390 007.	Vehicle Insurance Policy: GJ-6-CM-4471 Maruti Zen Estilo	2.80	0.09
ICICI Lombard General Insurance Company Limited	600186027	20/11/2010	19/11/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Vehicle Insurance Policy: GJ-6-DQ-8792 Maruti Omni	2.23	0.08
Bajaj Allianz General Insurance Company Limited	OG-11-2202-1801-00025326	12/11/2010	11/11/2011	Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No. 8, Dist-Vadodara 391 243	Vehicle Insurance Policy: GJ-6-DQ-8020 BMW 525d	38.76	0.89

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materializes. Further, there are many events that could cause significant damages to our operations, or expose us to third-



party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.



KEY INDUSTRIAL REGULATIONS & POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to our Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

The Companies Act, 1956

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

Regulation of Foreign Investment in India

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

Environment (Protection) Act, 1986

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



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

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

Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

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

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

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

Antidumping Guidelines

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

Relief to Domestic Industry:

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

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and



so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Copyright Act, 1957

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

Income-tax Act, 1961

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

Service Tax

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

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on inter state sales and states the principles and restrictions as per the powers conferred by Constitution.

Electricity Act, 2003

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

Value Added Tax (“VAT”)

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the



dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Approvals from Local Authorities

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

Industrial (Development and Regulation) Act, 1955

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

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

The Factories Act, 1948

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

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

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



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

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

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

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

Payment of Gratuity Act, 1972

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

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also requires for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

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

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100



(reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

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

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

Employees State Insurance Act, 1948

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

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

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

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

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



HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated on 19th July 2006 under the Companies Act, 1956 as 'Modern Tube Industries Limited' and received its Certificate of Incorporation from the Registrar of Companies, Gujarat, Dadra & Nagar Havelli. The Corporate Identity Number of the Company is U27109GJ2006PLC048737. The Registered Office of the Company is situated at Survey No. 873, Near GIDC Por, Ramangamdi, National Highway 8, Vadodara – 391 243, Gujarat.

We are engaged in the manufacturing of high quality stainless steel seamless and welded tubes, u-tubes & pipes as well as the export-import of sheets, coils, seamless tubes in all AISI and ASTM standard and grades on made to order basis as well as standard stock basis. Starting with an initial capacity of 180 metric tons per annum in 2006, today we have an annual installed capacity of 7200 metric tons per annum. Our products are exported to over 10 countries across the globe including the USA, UK, Canada, and various countries in South-East Asia.

Our Management Systems have been certified to be in compliance with ISO 9001:2008 by Bureau Veritas Certification (I) Pvt. Ltd. Also, the quality of products engineered by us are approved and certified by large engineering and infrastructure companies such as Bureau Veritas, Germanischer Lloyd, Inspectorate Griffith India Pvt. Ltd, Det Norske Veritas AS, etc

Some of our competitors in the domestic market are Prakash Steelage Limited, Ratnamani Metal & Tubes Limited, Bhandari Metal & Tubes Limited, Suraj Stainless & Tubes Limited. In the overseas market, we face strong competition from various major players who dominate the global steel pipes & tubes market. These include the likes of Arcelor-Mittal, Corus Group, Dofasco, Europipe, IPSCO, JFE Steel Corporation, Kobe Steel, Mac Steel, Melwar Industrial Group Berhad, Nippon Steel Corporation, Northwest Pipe Company, Wheatland Tube Company, etc.

Major events in the History of the Company:

Year	Major Event
2006	Incorporation of our Company and Commencement of Production Activities
2008	Received Third-Party Certifications approving the Products and Plant from Bureau Veritas and Germanischer Lloyd as well as Registration as an approved Vendor from Bharat Heavy Plate & Vessels Ltd. and IRCLASS (Indian Register of Shipping).
2008	In the FY 2008-09, the capacity of our plant was increased from 1200 MT to 7200 MT.
2009	Received Third-Party Certifications approving the Products and Plant from Inspectorate Griffith India Pvt. Ltd., Tata Projects Ltd., Det Norske Veritas, SGS India Pvt. Ltd., HSB Global Standards, Electromech Engineering Enterprise and "V" Design as well as Registration as an approved Vendor from Gujarat Narmada Valley Fertilizers Co. Ltd., Nuclear Power Corporation of India Ltd., East Coast Railway and Uranium Corporation of India Ltd.
2009	Received a fresh sanction from Bank of Baroda for Credit Facilities which were taken over from Indian Overseas Bank.
2010	Received Third-Party Certifications approving the Products and Plant from TUV India Pvt. Ltd. as well as Registration as an approved Vendor from Technical Development Committee for Indigenous Materials, Tata Chemicals Ltd., Bharat Pumps & Compressors Ltd. and Fluid Control Research Institute, Engineers India Limited, Bharat Heavy Electricals Limited (Hyderabad & Bhopal), Office of the Director of Boilers, IBR (Ahmedabad) and National Federation of Cooperative Sugar Factories Limited.
2010	Received ISO Certification approving that the Management System of MTIL was audited and found to be in accordance with the requirements of ISO 9001:2008. The same is valid upto 3rd June 2013.
2010	Received sanction of a fresh Term Loan of Rs. 2800 Lakhs for a period of 7 years and a fresh Cash Credit Limit of Rs. 250 Lakhs from Allahabad Bank for the proposed capacity expansion



Main Objects of the Company:

The main objects of the Company are as follows:

- *To carry on the business of manufacturing, supply, agent, trading, dealer, commission agent, importers, stockiest of stainless steel materials, sheet, plate, coil, ERW and SEAMLESS pipe and tube, pipe fittings, customize product and any such industrial products.*
- *To promote, own acquire, erect, construct, establish, maintain, improve, manage, operate, alter, generate, transmit or otherwise deal in all forms of electrical power by conventional, non-conventional methods including wind, tidal waves, coal, gas lignite, oil, bio-mass, waste, thermal, solar, hydel and geo-hydel and to carry on, control, take on hire/lease power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical energy and buy, sell, supply, exchange, market, function as a license and deal in electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licenses, specific, industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other component authority in accordance with the applicable statutory requirements.*

Changes in Registered Office of the Company

Pursuant to a special resolution passed at the EGM of the company held on April 19, 2007 we have shifted our registered office from 504, Krishna Tower, R. V. Desai Road, Vadodara – 390 001, Gujarat to the current office address of Survey No. 873, Near GIDC Por, Ramangamdi, National Highway 8, Vadodara – 391 243, Gujarat.

Amendments to the Memorandum of Association

Dates on which some of the main clauses of the Memorandum of Association of the Company have been changed citing the details of amendment as under:

Date	Nature of Amendment
10-March-08	Increase in Authorised Capital from Rs. 1,00,00,000 to Rs. 2,00,00,000
24-Oct-08	Increase in Authorised Capital from Rs. 2,00,00,000 to Rs. 5,00,00,000
15-July-10	Increase in Authorised Capital from Rs. 5,00,00,000 to Rs. 10,00,00,000
20-Sept-09	Inserted New Clause in point III(A) in the Main Objects of the Company pertaining to various business activities relating to Wind Mill Energy.
15-Oct-10	Increase in Authorized Capital from Rs. 10,00,00,000 to Rs. 25,00,00,000

Subsidiaries of the Issuer Company

We have no Subsidiary Company, as on date.

Shareholders' Agreement

There are no Shareholders' Agreements existing as on date.

Other Agreements

Except the contracts/agreements mentioned below and those entered in the ordinary course of the business carried on or intended to be carried on by MTIL, we have not entered into any other agreement/contract:



Agreements and Contracts entered into by the Company for its Wind Energy Units

- 1. Sub Lease Deed Agreement for an area of 10,000 Sq. Mtr. of the demised land a part of Government land R. S. No. 502/P of Village Vanku, Taluka Abdasa, District Kutch, for a period of 20 years for the development of wind farm project to install 1 (One) No. of "SUZLON" make S 70 – 74 m WTG.**

This agreement is entered by Modern Tube Industries Limited with M/s. Suzlon Gujarat Wind Park Limited ("Suzlon"), Ahmedabad on 2nd February 2007.

The company had entered a Sub-Lease Deed Agreement with "Suzlon", where by the sub lessor of the agreement had lease of the land of an area approx 29 hectare for the development of the wind farm project at Village Vanku Taluka Abdasa, District Kutch wide the Government Policy Gr No. EDA-1-2001-3054-B (Part-II) dated 20th June 2002, the Hon'ble Collector by its Circular / Order No. LAND/5/UDYOG/VASHI/6870/2006 dated December 2006. By virtue of the above lease of the demised land at Village Vanku, Taluka Abdasa, District Kutch, bearing R. S. No. 502/P, in favor of the Sub-Lessor. By virtue of the above, the Sub-Lessor has been allowed to use the demised land for the development of wind energy project for 20 years.

Under the said lease the Company, is required to pay annual lease rent on pro-rata basis worked out at Rs. Rs. 10,000/- per annum for the sub demised land of 10,000 sq. mtr in advance and other rates and taxes that may be imposed from time to time and any increase in rentals by the government from time to time.

- 2. Agreement for Wind Energy based Power Plant of 0.6 MW capacity at Village Vanku, Taluka Abdasa, District Kutch, Gujarat.**

The agreement entered between the company and Gujarat Urja Vikas Nigam Limited ("GUVNL") shall be made effective from the date of signing of this agreement i.e. 4th April 2007.

The company has set-up wind energy based power plant of 0.6 MW capacity at Village Vanku, Taluka Abdasa, District Kutch, Gujarat using new wind electric generators to Produce the electric energy and entered into an agreement with Gujarat Urja Vikas Nigam Limited for the sale of entire / part of electrical energy so produced, for commercial purpose from such power plant to GUVNL. Where in GUVNL shall pay a fixed rate of Rs.3.37 per KWh for delivered energy as certified by SEA of Gujarat SLDC during the 20 years life of the project as determined by the commission.

- 3. Agreement of Land Distribution with M/s. Pison Infrastructure Equipment Pvt. Ltd.**

The Company had entered into an agreement of Land Distribution with M/S Pison Infrastructure Equipment Pvt. Ltd. whereas the Company is in possession of Land Block No. 871 situated at village Por Ta. & Dist. Vadodara containing by admeasurements 4957 Sq. Mtr. which is divided as Block No. 871/A, containing by admeasurements 3541 Sq. Mtr. which is divided as Block No. 871/A, admeasurements 1416 Sq. Mtr. And the M/S Pison infrastructure Equipment Pvt. Ltd is in possession of Land Block No. 872 situated in Village Por, Ta. & Dist. Vadodara admeasuring 3541 Sq. Mtr.

According to the Agreement as agreed by both the parties mutually, The Company will be the sole possessor of Block No. 872 admeasuring 3541 Sq. Mtr. and Block No. 871/B admeasuring 1416 Sq. Mtr. and m/s Pison Infrastructure Equipment Pvt. Ltd. will be the sole possessor of Block No. 871/A admeasuring 3541 Sq. Mtr.

Financial Partners

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

Strategic Partners

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



OUR MANAGEMENT

Board of Directors

As per our Articles of Association we are required to have not less than 3 directors and not more than 12 directors.

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

Name, Fathers Name, Address, Nationality & Age	Status of Directors in Our Company	Occupation, DIN & Qualification	Other Directorships
<p>Mr. Mahendra Bhansali s/o Mr. Suratmalji Misrimalji Bhansali</p> <p>504, Krishna Tower, R. V. Desai Road, Vadodara – 390 001.</p> <p>Nationality: Indian</p> <p>Age: 39 Years</p>	<p>Managing Director</p>	<p>DIN: 00100989</p> <p>Occupation: Business</p> <p>Qualification: H.S.C</p>	<p>Manas Capital Services Pvt. Ltd.</p>
<p>Mr. Himanshu Sharma s/o Mr. Sanatan Sharma</p> <p>302, Bhawini Apartment, Yashwant Tawde Road, Dahisar (East), Mumbai – 400 068.</p> <p>Nationality: Indian</p> <p>Age: 54 Years</p>	<p>Executive Director</p>	<p>DIN: 03018338</p> <p>Occupation: Salaried Executive</p> <p>Qualification: B.E. (Metallurgy)</p>	<p>Manas Capital Services Pvt. Ltd.</p>
<p>Mr. Rameshkumar Doshi s/o Mr. Chunilal Jagmalji Doshi</p> <p>B-902, Vasant Vihar – 1, Dafnala Road, Shahibaug, Ahmedabad – 380 004.</p> <p>Nationality: Indian</p> <p>Age: 36 Years</p>	<p>Independent Director</p>	<p>DIN: 02949205</p> <p>Occupation: Business</p> <p>Qualification: H.S.C</p>	<p>NIL</p>
<p>Mr. Dilip Kumar Vyas S/o Mr. Hirji Vyas</p> <p>303/A, Akhilesh Appts, Subhanpura, Vadodara – 390023</p> <p>Nationality: Indian</p> <p>Age: 55 Years</p>	<p>Independent Director</p>	<p>DIN: 03111604</p> <p>Occupation: Salaried Executive</p> <p>Qualification: M.Com.</p>	<p>Rajputana Stainless Limited</p>



<p>Mr. Surendra Tamboli s/o Uttamlal Mangaldas Tamboli</p> <p>104, Darshan Avenue, Opp. Gulabvatika Society, Tandalja Road, Vadodara – 390 020</p> <p>Nationality: Indian</p> <p>Age: 56 Years</p>	<p>Independent Director</p>	<p>DIN: 03258083</p> <p>Occupation: Company Secretary</p> <p>Qualification: M. Com, LLB, C.S.</p>	<p>NIL</p>
<p>Mr. Romeshkumar Shah s/o Anilbhai Naginlal Shah</p> <p>Giriraj, Darga Road, Opp. Mental Hospital, Karelibaug, Vadodara – 390 018</p> <p>Nationality: Indian</p> <p>Age: 36</p>	<p>Independent Director</p>	<p>DIN: 03017967</p> <p>Occupation: Business</p> <p>Qualification: B.E.</p>	<p>Omkar Procon Pvt. Ltd.</p>

Important Notes regarding the Board of Directors

- There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management
- There are no service contracts entered into by the Directors with our Company.
- None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Red Herring Prospectus.
- Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.
- None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

Brief Profile of Directors

- **Mahendra Bhansali**

Mr. Mahendra Bhansali, s/o of Late Shri Suratmalji Misrimalji Bhansali, aged about 39 years, is the Promoter of Modern Tube Industries Limited. He is also the Chairman & Managing Director of the Company. He is an undergraduate and started his proprietary concern which dealt with trading of various stainless steel items in the year 1996. After gaining over 10 years of trading experience in the stainless steel sector, he gradually focused on the stainless steel tubes and pipes and floated M/s. Modern Tube Industries Ltd to start a manufacturing unit of stainless steel tubes and pipes. Our company has grown at an exponential rate under his guidance and leadership. He is the director of our company since its incorporation and was last re-appointed as Chairman and Managing Director at the company on the EGM held on October 15th, 2010 for a period of 3 years.



- **Himanshu Sharma**

Mr. Himanshu Sharma, s/o of Shri Sanatan Sharma, aged about 54 years, is the Executive Director of the Company. After successfully completing his Bachelor's Degree in Engineering (Metallurgy), he went on to work with M/s. Firth India Steel Co. Ltd as Production Planning Engineer for two years. Having gained over 30 years experience working at various senior posts at companies such as Greaves Cotton Co. Ltd, Abhishek Steel Pvt. Ltd, Gaurav Tubes Pvt. Ltd, Zenith Birla (India) Ltd. he is well versed with the nitty-gritty of this sector, and spearheads the day-to-day business operations involved in running of our manufacturing and other administrative affairs. He joined our company as a Dy. General Manager on 01/03/2009 and was last appointed as Executive Director on 01/04/2010.

- **Rameshkumar Doshi**

Mr. Rameshkumar Doshi, s/o of Shri Chunilal Jagmalji Doshi, aged about 36 years, is a Independent Director of the Company. He began his career working as a commission agent dealing with various spare-parts and other utility equipments. Later, he began his proprietary business of dealing in refrigeration spare-parts in 1995. He was appointed as an Independent Director in our company on April 1st, 2010.

- **Dilip Kumar Vyas**

Mr. Dilip Kumar Vyas, S/o Mr. Hirji Vyas, aged about 55 years, is a Non-Executive & Independent Director of the Company. He has done his schooling from Sainik School Jamnagar and M.Com (Management) from M.S Uni., Vadodara. He is also an alumnus of IIM, Ahmedabad. He is an Ex. Group Captain and in the past has offered his services in various fields for the Indian Air Force. He has been the Commissioned Officer with Indian Air Force, and also worked as Chief Administrative / Personnel Officer / Stn Security Officer / Provost Marshal at Air Force stations. His achievements include being commended by the Chief of Air Staff twice for outstanding performance; he was a member of Indian Peace Keeping Force in Sri Lanka, 2 Air force Command tenures. He has also done advanced financial accounting operations and had 2 tenures as Command Financial Advisor and Controller. He was also the India Head for Crediterity Info Services, Bangalore, where he looked into the overall daily functioning as well as charting a course for the company's expansion, profitability and growth. He is currently working with ABB at a senior post. He joined Our Company as an Independent Director on 20/09/2010.

- **Surendra Tamboli**

Mr. Surendra Tamboli, s/o of Shri Uttamlal Mangaldas Tamboli, aged about 56 years, is a Non-Executive & Independent Director of the Company. He has completed his Masters in Commerce and L.L.B. (General – Contract Act, Civil & Criminal Act) from the M.S. University of Baroda. Following which he also completed L.L.B. with specialization in Taxation & Corporate Laws also from the M.S. University of Baroda and is a fellow member of the ICSI, New Delhi. He has worked as an Independent Company Secretary and in senior position in the Legal Department of companies like Diamond Power Infrastructure Limited, Ambalal Sarabhai Enterprises Limited, Jhagadia Copper Limited, etc and is well versed with various company affairs including rights' issue, public issue and private placement of equity shares / warrants. He is also an ex-executive member of the Baroda Management Association as well as a visiting faculty at WLC College, Baroda. He is currently a practicing company secretary. He joined Our Company as an Independent Director on 20/09/2010.

- **Romeshkumar Shah**

Mr. Romeshkumar Shah, s/o of Shri Anilbhai Naginlal Shah, aged about 36 years, is a Non-Executive & Independent Director of the Company. After completing his Bachelors in Electrical Engineering he procured experience as a consultant in the real estate and infrastructure space where in he has dealt in SEZ properties in Dahej and Bharuch Districts of Gujarat. In 2010, he incorporated his own company by the name of Omkar Procon Pvt. Ltd. through which he runs an authorised service centre and provides liasioning and consultancy services for well known business groups including Areva Group, and companies like Tebma Shipyards Limited & Emco Limited. Apart from that, he also has interests in the Gems and Jewellery industry through a



partnership concern with the name and style of M/s. Riddhi Siddhi Jewellers. He joined our Company as an independent director on 21/09/2010.

Details of the Current Term of Directors

Name of the Director	Date of Commencement of current term	Date of expiry of current Term
Mr. Mahendra Bhansali	15/10/2010	14/10/2013
Mr. Himanshu Sharma	01/04/2010	31/03/2013
Mr. Rameshkumar Doshi	01/04/2010	Liable to retire by rotation
Mr. Dilip Kumar Vyas	20/09/2010	Liable to retire by rotation
Mr. Surendra Tamboli	20/09/2010	Liable to retire by rotation
Mr. Romeshkumar Shah	21/09/2010	Liable to retire by rotation

Relationship between the Directors

None of the Directors are related with each other.

Borrowing Powers of the Board

The Articles of Association of our Company have empowered the Board of Directors of our Company, from time to time at its discretion, to receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, anybody corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of our Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by our Company (apart from temporary loans obtained from our Company's Bankers in the ordinary course of business) shall not without the consent of our Company in General Meeting exceed Rs. 200 Crores.

The Board of Directors of our Company has power to borrow up to Rs. 200 Crores as per the members' resolution passed in the EGM of our Company held on December 15, 2010.

Compensation of Board of Directors

Mr. Mahendra Bhansali

Mr. Mahendra Bhansali is the Chairman & Managing Director of the Company.

The compensation package payable to him as resolved in the shareholders meeting held on October 15, 2010 is stated hereunder

Remuneration:

Salary: Rs. 1,00,000 per month

Perquisites: As per the provisions of Schedule XIII of the Companies Act, 1956

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Mahendra Bhansali the remuneration aforesaid shall be the minimum remuneration payable to him.



Mr. Himanshu Sharma

Mr. Himanshu Sharma is the Executive Director of the Company.

The compensation package payable to him as resolved in the shareholders meeting held on 20th September 2010 is stated hereunder

Remuneration:

Salary: Rs. 33,200 per month

Perquisites: As per the provisions of Schedule XIII of the Companies Act, 1956

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Himanshu Sharma the remuneration aforesaid shall be the minimum remuneration payable to him.

Compensation package for the Independent Directors

As decided in the board meeting held on 21st September 2010 all of the other directors being non-executive directors, shall be paid a sitting fee of Rs. 4,000 for every board meeting as well as every meeting of respective committees attended by them.

Directors Remuneration for the period ended 31-03-2010

Sr. No	Name of Director	Sitting Fees	Salaries / Perquisites	Commission	Total
1.	Mr. Mahendra Bhansali	-	7,45,000	-	7,45,000

Compliance with Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE with respect to Corporate Governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchange.

Our Company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

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

Composition of Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has six Directors out of which four are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchange.



Sr. No.	Name of the Director	Nature of Directorship
1	Mr. Mahendra Bhansali	Managing Director
2	Mr. Himanshu Sharma	Whole Time Director
3	Mr. Rameshkumar Doshi	Independent Director
4	Mr. Dilip Kumar Vyas	Independent Director
5	Mr. Surendra Tamboli	Independent Director
6	Mr. Romeshkumar Shah	Independent Director

1. Audit Committee

Our Company has constituted an audit committee, as per the provisions of Section 292A of the Companies Act, 1956. The audit committee was constituted on 21st September 2010 and the composition of audit committee consists of all non-executive and independent directors as is mentioned under:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1	Mr. Surendra Tamboli	Chairman	Non-Executive, Independent
2	Mr. Romeshkumar Shah	Member	Non-Executive, Independent
3	Mr. Dilip Kumar Vyas	Member	Non-Executive, Independent

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are 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 references to;
 - Matters, required to be included in the Director's Responsibility statement be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
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 the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the following information:
 - The management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.
 - Management letters/letters of internal control weaknesses issued by statutory auditors.
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the chief internal auditor.
13. 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 monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter.

The Audit Committee enjoys following powers:

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

The Audit Committee shall mandatorily review the following information:

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

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

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

Meeting of Audit Committee

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



2. Shareholders/ Investor Grievance Committee

Our Company has constituted a shareholders/investor grievance committee. The constitution of the shareholders / investor grievance committee was approved by a meeting of the Board of Directors held on 21st September 2010.

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1	Mr. Surendra Tamboli	Chairman	Non-Executive, Independent
2	Mr. Romeshkumar Shah	Member	Non-Executive, Independent
3.	Mr. Dilip Kumar Vyas	Member	Non-Executive, Independent

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

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

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

In order to expedite the process of share transfer, this committee has delegated powers to a sub-committee consisting company secretary and executive director, who shall attend the work of share transfer formalities at least once in a fortnight and report to this committee on a regular basis.

Policy on Disclosures & Internal procedure for prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Mahendra Bhansali, Managing Director, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

3. Remuneration / Compensation Committee

Our Company has constituted a remuneration/compensation committee. The constitution of the remuneration/compensation committee was approved by a meeting of the Board of Directors held on 21st September 2010.

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1	Mr. Surendra Tamboli	Chairman	Non-Executive, Independent
2	Mr. Romeshkumar Shah	Member	Non-Executive, Independent



3	Mr. Dilip Kumar Vyas	Member	Non-Executive, Independent
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The Committee is required to meet at least once a year.

The remuneration committee has been constituted to recommend/review remuneration of Directors and key managerial personnel based on their performance and defined assessment criteria. The remuneration policy of our Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, this would determine the remuneration packages of the executive directors. It comprises of at least three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

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

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

Shareholding of Directors

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company.

None of the directors of our Company other than those mentioned below hold any shares in our Company.

Sr. No.	Name of Directors	No. of Shares	% of Pre-Issue Share Capital
1	Mr. Mahendra Bhansali	97,35,250	78.10%
2	Mr. Himanshu Sharma	-	-
3	Mr. Rameshkumar Doshi	-	-
4	Mr. Dilip Kumar Vyas	-	-
5	Mr. Surendra Tamboli	-	-
6	Mr. Romeshkumar Shah	-	-
	TOTAL	97,35,250	78.10%

Interests of Directors

Except as stated in the 'Annexure XIV' of the Auditors Report on page 154 of this Draft 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 or committees thereof 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 the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them 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 and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Further, the Articles of Association provide that the directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against directors and officers in their capacity as such, if the indemnified director or officer receives judgment in his favor or is acquitted in such proceeding.

Interest as to Property

We have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which our directors are directly or indirectly interested and no payments have been made to them in respect of any contracts, agreements or arrangements which are proposed to be made to them.

We have taken on lease our marketing office at Vadodara from the relative of our director, and hence there exists interest to this extent. For further details please refer to “Business Overview” beginning on page 90 of this Draft Red Herring Prospectus.

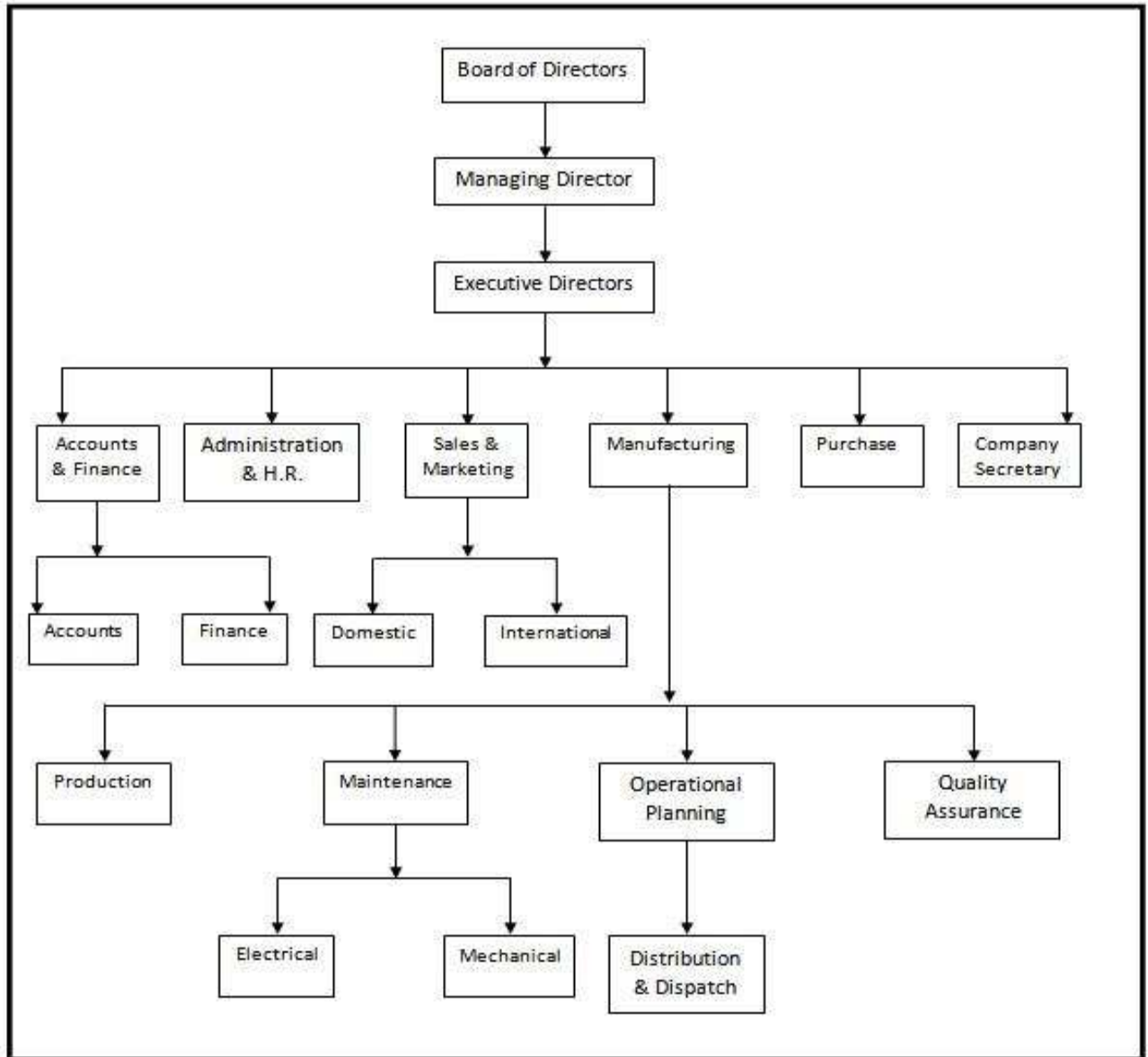
Changes in the Board of Directors in the last 3 years

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

Name	Date of Appointment	Date of Cessation	Reason for Change
Mr. Suratmalji Bhansali	19/07/2006	25/05/2010	Other Commitments
Mr. Ramesh Bhansali	19/07/2006	25/05/2010	Other Commitments
Mr. Himanshu Sharma	01/04/2010	-	Appointment
Mr. Ramesh Doshi	01/04/2010	-	Appointment
Mr. Dilip Kumar Vyas	20/09/2010	-	Appointment
Mr. Surendra Tamboli	20/09/2010	-	Appointment
Mr. Romeshkumar Shah	21/09/2010	-	Appointment



Management Organization Chart



Key Management Personnel

The key managerial personnel and their designations are as under:

Name of Employee	Designation & Functional Area	Date of Joining	C.T.C (in Rs. Lakhs)	Qualification	Name of Previous Employer	Experience (in Years)
Mr. Yogesh Bhatt	CS	13/09/2010	2.52	Company Secretary	North West Creative Team Private Limited	8.6 Years
Mr. R.K. Patel	Sr. Manager – Production	23/09/2010	4.96	DME	Ratnamani Metals & Tubes Ltd.	29 Years



Name of Employee	Designation & Functional Area	Date of Joining	C.T.C (in Rs. Lakhs)	Qualification	Name of Previous Employer	Experience (in Years)
Mr. Girish Kulkarni	AGM- Accts & Fin	01/12/2010	4.19	B.Com.	Apollo Tyres Ltd. & ABB	30 Years
Mr. Jatinder Saini	Sr. Executive – Operations	02/02/2010	1.70	MBA - Marketing.	Jord Engineers	5.6 Years
Mr. Veena Dhaneria	Manager – HR	11/10/2010	1.30	BBA	JM Morgan Stanley	6 Years
Mr. Palkesh Thakkar	Purchase In charge	11/10/2006	1.33	B.Com.	Jayant Oil & Derivatives Pvt. Ltd.	6 Years
Mr. Monil Dobariya	Manager – Marketing	15/09/2009	2.03	C.A. – Inter	Iffco-Tokyo General Insurance Co. Ltd.	4 Years
Mr. Rajan George	Manager – International Business	02/08/2010	2.37	Export Management	Shanpur industries Pvt. Ltd.	20 Years
Mr. Sanjay Pingle	Sr. Manager – Quality	16/09/2010	2.27	BSc Chemistry	Shubh Laxmi Metals & Tubes Pvt. Ltd	18 Years

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Red Herring Prospectus

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have fixed bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

Relationship of Key Managerial Personnel with the Promoters, Directors and other Key Managerial Personnel

None of the key personnel mentioned above are related to the promoters/directors of our Company. None of our key managerial personnel have been selected pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

Changes in the Key Managerial Personnel in the last three years:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving
1	Mr. Ramchandra Tambe	Manager – Accounts & Finance	03/03/2010	31/08/2010
2	Mr. Sanjay Patel	Manager – Production	01/11/2009	30/06/2010
3	Mr. Sunil Joshi	DGM – Quality	01/05/2009	31/05/2010
4	Mr. C. K. Nair	Manager – Marketing	15/02/2008	31/03/2010
5	Mr. John George	Manager – Works	01/12/2009	31/01/2010
6	Mr. Himanshu Parmar	Manager – H.R.	16/06/2009	09/11/2010
7	Mr. Parag Shah	Sr. Executive Planning	24/07/2009	25/11/2010



Sr. No.	Name	Designation	Date of Joining	Date of Leaving
8	Mr. Chirag Kansagra	Manager – Finance	01/11/2007	15/12/2010

Notes:

1. All the key managerial personnel mentioned above are on the payrolls of our Company as the permanent employees.
2. The key management personnel mentioned above are not related parties as per the Accounting Standard 18.
3. We confirm that the Promoters/Directors of our Company do not have any relationship whatsoever with any of our key managerial personnel.

Employee Share Purchase and Employee Stock Option Scheme

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or Benefit to our Officers

Except for the statutory benefits upon termination of their employment, payment of salaries and yearly bonus, we do not provide any other benefit to our employees.




OUR PROMOTERS AND PROMOTERS GROUP

OUR PROMOTER

Mr. Mahendra S. Bhansali.

Following are certain key details regarding our promoter:

	Identification	Details
	Age	39
	Qualification	Matriculate
	Experience	More than 15 years
	Occupation	Business
	PAN	ADEPB1592K
	Passport No.	F0478114
	Driving License Number	MH/01/90/35813
	Voters' ID	N.A.
	Bank Account Number	19531
	Name of Bank & Branch	Indian Overseas Bank, Alkapuri Branch
	% of pre-issue share holding in the	68.71%
	DIN	00100989

For detailed profile of our promoter please refer “Our Management” on page 90 of this Draft Red Herring Prospectus.

Declaration

We confirm that the personal details of our Promoter viz., Permanent Account Number, Bank Account Details and Passport Number have been submitted to the Stock Exchange, at the time of filing of this Draft Red Herring Prospectus.

We further confirm that, our Promoter has not been declared as willful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoter.

Interest of Promoter in our Company

Our Company is promoted by Mr. Mahendra S. Bhansali. At present our Promoter holds 97,35,250 Equity shares of our Company. Our promoter may be deemed to be interested in the promotion of our Company to the extent of shares held by them and also to the extent of shares held by their relatives and group companies. Our Promoter may also benefit from holding directorship in our Company.

Further, save and except as stated otherwise in the chapters titled ‘*Business Overview*’, ‘*Our Management*’ and the section titled ‘*Financial Statements*’ beginning on page nos. 90, 118 and 137 respectively, of this Draft Red Herring Prospectus, and to the extent of Equity Shares held by them, our Promoter does not have any other interests in our Company as on the date of filing of this Draft Red Herring Prospectus.



Payment or benefits to our Promoter during the last two years

Except as stated in the “Annexure XIV” of the “Auditors Report” on page 154 of this Draft Red Hearing Prospectus, there has been no payment or benefits to our Promoter during the last two years from the date of this Draft Red Hearing Prospectus.

Companies / Firms from which the Promoter has disassociated in last 3 (three) years

Except as disclosed below, our Promoter has not disassociated himself from any of the companies, firms or other entities during the last three years preceding the date of this Draft Red Hearing Prospectus:

Name of Company / Firm	Details of Disassociation
M/s. Advance Metal Testing Laboratories	M/s. Advance Metal Testing Laboratory was a partnership concern in which our promoter Mr. Mahendra Bhansali was a partner upto the financial year 2009-10. The partnership interest was sold to the other partners of the firm and currently Mr. Bhansali has no investment or management role in the firm. There have been no transactions with the said firm since then.
M/s. Modern tube Industries	M/s. Modern tube Industries was a sole proprietary concern of our promoter Mr. Mahendra Bhansali. Our company had entered into certain transactions with respect to purchase of machines and loans taken from this concern during the initial stages of the company, however there are no transactions with this concern since F.Y. 2008-09. The sole proprietary concern has been inactive since then.

* For details regarding the transactions of our company with these entities please refer “Annexure XIV” of the “Auditors Report” on page 154 of this Draft Red Herring Prospectus.

Interest in the property of Company

The promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Red Hearing Prospectus or proposed to be acquired by our Company.

OUR PROMOTER GROUP

Apart from our Promoter, the following individuals and companies comprise our Promoter Group.

a) Natural Persons:

Name of Promoter Group Entity	Relationship with Mr. Mahendra Bhansali
Usha M. Bhansali	Wife
Suratmalji M. Bhansali	Father
Mafiben S. Bhansali	Mother
Chetan M. Bhansali	Son
Riya M. Bhansali	Daughter
Ramesh S. Bhansali	Brother

b) Companies, Firms and HUFs:

Relationship	Mahendra S. Bhansali
Any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relative is a member	Manas Capital Services Private Limited
Any company in which a company mentioned in the above, holds 10%	-



of the total holding	
Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total holding	M/s. Mack Steel Co.

c) Other Persons, Firms or Companies which do not form a part of any of the above relationship criteria's but form a part of Promoter Group.

Name of Promoter Group Entity	Relationship
Champalal Vaghela	Relative
Pawankumar Bhansali	Relative
Avni Bhansali	Relative
Dhawani Bhansali	Relative
Rakeshkumar Shah	PAC

No other person except mentioned above is part of the promoter group. Also, apart from those mentioned above there are no other Companies promoted by our Promoter or where in our Promoter has any controlling interest such that they can be our Group Companies.

DETAILS OF OUR PROMOTER GROUP ENTITIES

1. Manas Capital Service Private Ltd (MCSPL)

Manas Capital Service Private Ltd was incorporated on May 17th, 2010 as a Private Limited under the Companies Act, 1956. The registered office of MCSPL is at Manas Capital Service Private Ltd, 102, Avanti Chambers, B/H. Express Hotel, Alkapuri, Vadodara-390005, Gujarat, India. The promoter of Manas Capital Service Private Ltd is Mr. Mahendra S. Bhansali.

The business of Manas Capital Services Private Ltd as described by its Memorandum of Association is:

“To carry on the business as investments consultant, portfolio management, investment advisor for shares, stocks, debentures, debenture stocks, bonds, units, securities, debt market, instruments of such corporate, both public and private, government and semi government instruments, growth schemes of mutual funds and brokers to the issue of securities, dealers in securities, buying and selling of shares and securities of all kinds and description including online trading on behalf of the clients, portfolio management, managers to issues, Market makers, Arbitrators, Registrar to issue, Share Transfer Agents, Depository Participants, Investment Counselors, Fixed Deposit Brokers, Commodities Brokers, Insurance agents, consultants, Advisors for issue of Securities of all kind and types in India and outside India.”

Shareholding Pattern

The shareholding Pattern of Manas Capital Service Private Ltd as on date of this Draft Red Herring Prospectus is as follows:

Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
Promoters	9,000	90%
Others	1,000	10%
Total	10,000	100.00%

Board of Directors:

The Board of Directors comprises of Mr. Mahendra Bhansali and Mr. Himanshu Sharma.



Financial Performance:

Since the company is newly incorporated in May 2010 and has not completed one full financial year, no financial data is available.

Important Notes regarding MCSPL:

- MCSPL is an unlisted company and has not made any public or rights issue in the preceding three years.
- It is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up.
- It has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

2. Mack Steel Co

M/s. Mack Steel Company is a sole proprietorship concern of Mr. Ramesh Bhansali and has its registered office at 1/24 Jariwala Building, 1st Khetwadi Lane, Mumbai – 400 004.

The firm is involved in the business of trading in Stainless Steel and other steel products.

Following are the brief financials of said firm for the last three financial years:

(Rs. in Lakhs)

Particulars	2009-10	2008-09	2007-08
Capital	8.10	7.28	5.56
Sales	120.63	296.47	231.78
Profit	3.04	4.07	4.06

Declaration

We confirm that our Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been declared as willful defaulters by RBI or any government authority and there are no violations of securities laws committed by any of them in the past or any such proceedings are pending against any of them. Additionally, none of the Promoters or Promoter Group Entities or Persons in Control of Body corporate forming part of our Promoter Group has been restrained from accessing capital markets for any reasons by the SEBI or any other authorities..

Shareholding of Promoter & Promoter Group:

The Pre-Issue & post-Issue shareholding of our Promoters and our Promoter Group is as follows:

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	As a% of Issued Equity	No. of Equity Shares	As a% of Issued Equity
A	Promoter				
1	Mahendra Bhansali	97,35,250	78.10%	97,35,250	[•]
	Total (A)				[•]
B	Promoter Group, Relatives and Other Associates acting in Concert				
2	Ramesh Bhansali	7,000	0.06%	7,000	[•]



3	Champalal Vaghela	3,500	0.03%	3,500	[•]
4	Pawankumar Bhansali	3,500	0.03%	3,500	[•]
5	Rakeshkumar Shah	3,500	0.03%	3,500	[•]
6	Avni Bhansali	35,000	0.28%	35,000	[•]
7	Dhawani Bhansali	1,40,000	1.12%	1,40,000	[•]
8	Manas Capital Services Ltd.	25,37,000	20.35%	25,37,000	[•]
	Total (B)	27,29,500	21.90%	27,29,500	[•]
	Total (A+B)	1,24,64,750	100.00%	1,24,64,750	[•]

Defunct Promoter Group Companies

Save and except as disclosed in this chapter, none of our group companies have been defunct.

Litigation

For details relating to Litigations involving the Promoters and Promoter Group Entities please refer “Outstanding Litigations and Material Developments” on Page 181 of this Draft Red Herring Prospectus.

Common Pursuits

Some of our Promoter Group Entities have common pursuits and are involved in the business of Trading and Dealing in Stainless Steel Pipes and Tubes. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they may arise.

Related Party Transactions

Save and except as disclosed in “Annexure XIV” of the Auditors Report on page 154 of this Draft Red Herring Prospectus, there has been no payment or benefits to our Promoters during the last five years preceding the date of this Draft Red Herring Prospectus.



DIVIDEND POLICY

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

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

We have declared a dividend only once since incorporation and the details of the same are as under:

F.Y.	Dividend Declared
2006-07	9.80%



SECTION V: FINANCIAL INFORMATION

AUDITOR'S REPORT

The Board of Directors,
Modern Tube Industries Limited
Survey No. 873, Near GIDC, Por,
Village Raman Gamadi, NH-8,
Dist: Baroda

Dear Sirs,

We have examined the Restated Summary Financial Statements and Other Financial Information of MODERN TUBE INDUSTRIES LIMITED up to 30th June, 2010) (the 'Company') for each of the four financial years ended March 31, 2007, 2008, 2009, 2010 & financial statements and other information for the three months period ended June 30, 2010 annexed to this report and initiated by us for identification. The said Restated Summary Financial Statements and Other Financial Information have been prepared for the purposes of inclusion in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (collectively hereinafter referred to as "Offer Document") in connection with the proposed Initial Public Offer ("IPO") of the Company in accordance with the requirements of:

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI'); and the related clarifications issued by the Securities and Exchange Board of India as amended to date;
- (iii) The terms of our letter of engagement dated August 18, 2010 with the Company requesting us to carry out assignment in connection with the Offer Document being issued by the Company for its proposed IPO.

The Restated Summary financial Statements and Other Financial Information have been prepared by the Company and approved by the Board of Directors of the Company.

A. Restated Summary Financial Statements:

The company was incorporated on July 19, 2006. Hence, the company has not completed five full financial years existence upto the date of this report.

1. We have examined the attached 'Summary financial Statement of Assets and Liabilities, As Restated' (Annexure I) as at March 31, 2007, 2008, 2009, 2010 & financial statements for the three months period ended June 30, 2010 and the attached 'Summary Statement of Profits and Losses, As Restated' (Annexure II) and the attached 'Summary Statement of Cash Flows, As Restated' (Annexure III) for the years ended March 31, 2007, 2008, 2009, 2010 & for the three months period ended June 30, 2010 which have been extracted by the management and approved by the board of directors. Re- Audit of the financial statements for the three month period ended June 30, 2010 and financial year 2009-10 was conducted by us, the audit for all other financial years viz, for the financial year ended March 31, 2009, March 31, 2008, March 31, 2007 has been conducted by M/s. Shah & Bhandari, Chartered Accountants. We have relied on these financial statement and we have not carried out any audit tests or review procedures on such financial statements of the company for the years ended on these respective dates. Since we did not performed the audit for the above years, the financial information including the notes and other disclosures included for such years is solely based on audit report submitted by M/s. Shah & Bhandari, Chartered Accountants for the relevant years. Representations have been taken from the management for the additional information for these years. (Annexure I, II and III are collectively referred to in this report as the "Restated Summary Financial Statements").



2. The Restated Summary Financial Statements are after making adjustments and regroupings as in our opinion were appropriate and more fully described in the 'Statement of Significant Accounting Policies' and 'Notes to the Re-stated Financial Statements' (Annexure IV) and (Annexure v) respectively.
3. In accordance with the requirements of paragraph B (1) of Part II of Schedule II of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and terms of our engagement agreed with the company, and based on our examination of the Restated Summary Statements, we confirm that:
 - a. The Restated Summary Financial Statement profit and loss, the annexed restated summary statement of assets and liabilities, the restated cash flow statement ("summary statements") of the company, including as at and for the three months period ended June 30, 2010 and for the year ended March 31, 2010, 2009, 2008 and 2007 examined by us, as set out in annexure-I, II and III to this report read with and subject to the non adjustment in respect of certain audit qualification as referred to at point no. 5, Notes on restated accounts and other observations as given herein after, are after making material adjustments and re grouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (refer annexure- IV & V)
 - b. Based on and subject to our comments as above, we are of the opinion that restated financial information have been made after incorporating:
 - i. Adjustments are made for the changes in Accounting Policies and Estimates adopted by the Company with retrospective effect to reflect the significant accounting policies being adopted by company as on 31st March, 2010 as given in annexure IV to this report.
 - ii. Amounts if any, relating to adjustments for previous years have been identified and adjusted in the statements in the year to which they relate;
 - iii. The extraordinary items that need to be disclosed separately in the Restated Summary financial Statements have been disclosed separately;
 - iv. There are no qualifications in auditor's reports for incorrect accounting policies that require Adjustment in the Restated Summary Statements.

We have not audited any financial statements of the company as of any date or for any period subsequent to June 30, 2010. Accordingly, we express no opinion on financial position, result of operation or cash flows of the company as of any date or for any period subsequent to June 30, 2010.

Summary of significant accounting policies adopted by the Company and material adjustments carried out in the preparation of the Restated Summary Statements and the significant notes to thereto be enclosed as Annexure IV and Annexure V to this report.

B. Other Financial Information:

4. At the request of the company, we have also examined the following financial information ("Other Financial Information") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:

Statement of Secured Loans, As restated VI
Statement of Unsecured Loans, As restated VII
Statement of Other Income, As restated VIII
Statement of Fixed assets, As restated IX
Statement of Sundry Debtors showing age-wise analysis X
Statement of Loans and Advances, As restated XI
Statement of Current Liabilities & Provisions, As Restated XII
Statement of Dividend XIII
Statement of Related Parties and Transactions XIII
Statement of Contingent Liabilities XIV
Statement of Accounting Ratios, As restated XV



Statement of Tax Shelter XVI
Statement of Capitalization, As restated XVII

5. In our opinion, the Restated Summary Financial Statements and the other Financial Information set forth in Annexure I to XVII read with the significant accounting policies and notes to the restated financial statements have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
6. This report should not in any way construed as a reissuance or redrafting of any of the previous audit report issued by us or by any other firm of Chartered Accountants nor should this report be construed as new opinion on any of the financial statement referred to therein.
7. This report is intended solely for your information and for inclusion in the Offer document in connection with the Company's proposed IPO of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

As per our report attached

For Vikas A. Manohar & Co.
Chartered Accountants

(Vikas Manohar)
Membership No. : 039097
Firm ICAI Registration No. : 111449W

Place: VADODARA
Date: December 10, 2010



Summary Statement of Assets and Liabilities, As Restated

ANNEXURE I

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009	As at March 31, 2010	As at June 30, 2010
1	Fixed Assets:					
	Gross Block	514.10	1,462.41	1,686.85	1,774.24	2024.22
	Less: Depreciation	2.84	33.27	109.40	187.86	210.66
	Net Block	511.26	1,429.14	1,577.45	1,586.38	1813.56
	Add: Capital Work in Progress and Advances on Capital Account	43.20	-	-	51.31	179.39
	Total	554.46	1,429.14	1,577.45	1,637.69	1992.95
2	Investments	-	-	-	-	-
3	Current Assets, Loans and Advances:					
	Inventories	237.88	914.79	1289.7	1333.38	907.30
	Sundry Debtors	563.63	1,639.14	1,248.22	3,162.23	4928.87
	Cash and Bank Balances	0.18	8.07	26.26	147.98	54.53
	Loans and Advances	39.90	234.19	172.03	176.40	270.97
	Other Current Assets	-	-	-	-	-
	Total	841.59	2,796.19	2,736.21	4,819.99	6161.67
4	Liabilities and Provisions:					
	Secured Loans	443.23	1,764.84	2,111.23	3,231.07	2806.61
	Unsecured Loans	58.31	43.97	273.07	54.27	29.59
	Deferred Tax Liabilities	80.39	134.87	150.72	173.45	193.02
	Current Liabilities and Provisions	613.21	1865.88	1191.67	1528.64	3567.63
	Total	1,195.14	3,809.56	3,726.69	4,987.43	6596.85
5	Net Worth	200.91	415.77	586.97	1,470.25	1557.77
6	Represented by					
	Equity Share Capital	11.10	157.20	203.35	341.85	341.85
	Share Application Money Pending Allotment/Refund	166.23	105.05	1.00	0	0
	Reserves & Surplus:	25.80	165.93	394.73	1,136.71	1223.28
	- General Reserve Account	-	-	-	-	-
	- Share Premium Account	-	-	199.80	728.80	728.80
	- Profit and Loss Account	25.80	165.93	194.93	407.91	494.48
	Less: Revaluation Reserve	-	-	-	-	-
	Reserve (Net of revaluation reserves)	25.80	165.93	394.73	1,136.71	1223.28
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	2.22	12.41	12.11	8.31	7.36
7	Net Worth	200.91	415.77	586.97	1,470.25	1557.77

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



Summary Statement of Profits and Losses, As Restated

ANNEXURE II

(Rs in Lakhs)

Particulars	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	3 Months ended June 30, 2010
Income					
Sales					
Of Products manufactured by the Issuer	74.89	507.42	1,447.95	3507.54	2955.92
Of Products traded in by the Issuer	706.70	5,379.77	4,386.41	7182.76	-
Net Sales	781.59	5,887.19	5,834.36	10,690.30	2955.92
Other Income (Refer Annexure VIII)	0.50	39.55	72.64	252.72	18.68
Increase /(Decrease) in Inventories	150.75	436.43	(197.59)	170.07	(314.93)
Total	932.84	6,363.17	5,709.41	11,113.09	2659.67
Expenditure					
Raw Materials consumed	776.94	5,759.21	4,963.25	9976.09	2277.44
Manufacturing Expenses	2.98	60.77	130.33	144.24	42.79
Employee Cost & Benefits	5.77	41.38	59.07	77.53	52.60
Administrative & Other Expenses	10.44	64.83	80.72	123.38	26.85
Preliminary expenses written off	-	3.10	3.80	3.80	0.95
Interest & Finance Charges	13.61	189.55	344.20	372.94	86.07
Depreciation	2.84	30.43	76.13	78.46	22.81
Total	812.58	6,149.27	5,657.50	10,776.44	2509.51
Net Profit / (Loss) before tax	120.26	213.90	51.91	336.65	150.16
Taxation :	93.89	73.76	22.91	123.67	63.60
- Provision for Tax	13.50	19.28	7.05	100.94	44.03
- Provision for Deferred Tax	80.39	54.48	15.86	22.73	19.57
Net Profit / (Loss) before extra ordinary items	26.37	140.14	29.00	212.98	86.56
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit/(Loss) after tax and extraordinary items	26.37	140.14	29.00	212.98	86.56
Less: Proposed Dividend	0.50	-	-	-	-
Tax on Dividend	0.07	0.01	-	-	-
Balance Carried to Balance Sheet	25.80	140.13	29.00	212.98	86.56

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



Statement of Cash Flows, As Restated

ANNEXURE III

(Rs. in lacs)

Particulars	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	3 months period ended June 30, 2010
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) before tax	120.26	213.90	51.91	336.65	150.15
Adjustments for:					
- Depreciation	2.84	30.43	76.13	78.46	22.81
- Preliminary Expenses W/off	0.00	3.10	3.80	3.80	0.95
- Loss / (profit) on sale of Fixed assets (net)	0.00	0.00	0.00	0.00	0.00
- Loss / (profit) on sale of Investment	0.00	0.00	0.00	0.00	0.00
- Interest & Finance Charges	13.61	189.55	344.20	372.94	86.07
- Interest received	-	(0.02)	(0.34)	(2.15)	(0.78)
Operating profit before working capital changes	136.71	436.96	475.70	789.70	259.20
Adjustments for :					
- (Increase)/Decrease in Inventories	(237.88)	(676.91)	(374.91)	(43.68)	426.08
- (Increase)/Decrease in Trade and other Receivables	(563.63)	(1,075.52)	390.91	(1,914.01)	(1766.64)
- (Increase)/Decrease in Loans & Advances	(39.90)	(194.30)	62.16	(4.37)	(94.56)
- Increase/(Decrease) in Trade and other Payables	613.21	1,252.67	(674.21)	336.97	2038.98
Cash generated from operations	(91.49)	(257.10)	(120.35)	(835.39)	863.06
- Direct taxes refunded / (paid)	(13.50)	(19.28)	(7.05)	(100.94)	(44.02)
-Proposed Dividend	-0.50	0.00	0.00	0.00	0.00
-Tax on Dividend	-0.07	-0.01	0.00	0.00	0.00
Net cash from operating activities	(105.56)	(276.39)	(127.40)	(936.33)	819.04
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	(557.30)	(905.11)	(224.44)	(138.70)	(378.06)
Sale of fixed assets	-	-	-	-	-
Sale long term Investments	-	-	-	-	-
Purchases long term Investments	-	-	-	-	-
Preliminary Expenses	(2.22)	(13.28)	(3.50)	-	-
Net cash from investing activities	(559.52)	(918.39)	(227.94)	(138.70)	(378.06)
CASH FLOW FROM FINANCING ACTIVITIES:					
Interest paid	(13.61)	(189.55)	(344.20)	(372.94)	(86.07)
Interest received (inclusive of tax deducted at source)	-	0.02	0.34	2.15	0.78
Proceeds from issue of Equity Shares incl. of premium	177.33	84.92	141.90	666.50	-
Proceeds from long term borrowings	501.54	1,307.27	575.49	901.04	(449.13)
Net cash used in financing activities	665.26	1,202.66	373.53	1,196.75	(534.42)
Net Increase / (decrease) in cash & cash equivalents (A+B+C)	0.18	7.89	18.19	121.72	(93.44)
Cash & cash equivalents at the beginning of the period	-	0.18	8.07	26.26	147.97
Cash & cash equivalents at the end of the period	0.18	8.07	26.26	147.98	54.53



Notes

- iii. Figures in the bracket indicate cash outflow.
- iv. Cash Flow Statement is prepared as per indirect method as specified in AS-3 "Cash Flow Statement".

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

**(A) SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation of financial statements**

The Financial statements have been prepared and presented under the historical cost convention, on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and in compliance with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act, 1956, as adopted consistently by management. All the income & expenditure having material impact on financial statements are recognized on accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statement and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

3. Fixed assets

Fixed Assets are stated at the cost net of Cenvat/Value added Tax less accumulated depreciation, amortization and impairment losses if any. The cost of an asset comprises of purchase price and expenses directly attributable to cost of bringing the asset to its present location, condition and preoperative expenses.

4. Depreciation

Depreciation on Fixed Assets is related to the period of use(months) of the assets and is provided on Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with Notification No. 756E dated 16-12-93 and circulars No. 14/93 dated 20-12-93 issued by the Department of Company Affairs.

5. Revenue recognition

- i. Revenue from sales is recognized upon delivery, when title passes to buyer. Sales are inclusive of Excise Duty and exclusive of value added tax.
- ii. Interest Income is recognized on time proportion basis.

6. Inventories

The Inventory is valued as follows:-

- i. Raw Material and Packing Materials: at cost by using FIFO method
- ii. Finished Goods : at cost or net realizable value (exclusive of excise duty), whichever is lower
- iii. Work-in-progress goods : at cost which includes appropriate portion of overheads.

The excise duty on finished goods is accounted for on removal of goods from the factory premises and provision made for goods lying in bonded warehouse. Cenvat credit available on the materials is adjusted against purchases. Cenvat credit on capital goods is accounted on booking the capital goods, net of excise duty. Cenvat Credit not recouped in payment of excise duty is treated as "Receivable" and shown under "Loans and Advances". This has no effect on profit.

7. Employee Benefits



The company has not completed the stipulated time period and there are no eligible employees for gratuity benefits.

Hence, the company has not provided for any liability arising to any employee for any obligation due up to the date(s) of respective financial statement. The company has no policy of accumulating any leave salary or leave benefit to the employee. Employer's contribution to Provident fund is charged to profit and loss account.

8. Tax on Income

- i. Current year income tax expense is determined as the amount of tax payable in respect of taxable income for the year.
- ii. Deferred tax expense or benefit is recognized on timing differences attributable to the timing difference between the taxable income and accounting income that are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rate enacted or substantively enacted as at the date of balance sheet. Deferred tax assets are recognized subject to the matter of prudence to the extent that there is virtual certainty that sufficient further taxable income will be available to realize these assets.

9. Contingent Liabilities

Contingent liabilities are not provided for, but wherever applicable are disclosed by way of Notes to the Financial Statement

10. Earnings per Share

Basic earnings per share are computed by dividing the Net Profit/Loss for the period by weighted number of Equity shares outstanding during the period.

11. Intangible Assets:

The company has no intangible assets requiring disclosure in the financial statement.

12. Borrowing Cost:

The company has charged the entire borrowing cost to the profit and loss account.

13. Segment Disclosures

(a) Business Segment

The company has considered business of steels as the primary segment for disclosure and business of wind energy as other segment for disclosure.

(b) Geographical Segment

The company has made export during the year however its operations are within the threshold limits stipulated under AS-17 and it does not require disclosure as a separate segment.

14. Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the company estimates their recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is adjusted to the amount of recoverable amount.

15. Transactions in Foreign exchange



Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign exchange transaction settled during the year are recognized in the Profit and Loss account of the year. Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognized in Profit and Loss Account.

NOTES TO RESTATED SUMMARY STATEMENTS

ANNEXURE V

(A) Material Adjustments

- Summary of results of restatements made in the audited financial statements of the company for the respective years and their impact of the profit / losses and assets and liabilities of the company is as under:

Impact on profits and losses:

(Rs. in lacs)

Sr. No	Particulars	F.Y. 31-03-2007	F.Y. 31-03-2008	F.Y. 31-03-2009	F.Y. 31-03-2010	30-06-2010 (3 months)
A	Impact due to change in policy					
1	Other Income (Depreciation written back)	-	-	(63.73)	-	-
2	Depreciation	5.04	58.69	-	-	-
3	Inventory	4.80	5.50	5.30	(15.60)	-
4	Provision for Deferred Tax	(1.72)	(18.24)	19.95	-	-
	Subtotal (A) = (1-2+3+4)	8.12	45.95	(38.48)	(15.60)	-
B	Impact due to readjustment					
1	Provision for Tax	-	-	(7.46)	7.46	-
	Subtotal (B)	-	-	(7.46)	7.46	-
C	Net increase / (decrease) in profit (A-B)	8.12	45.95	(31.02)	(23.06)	-

Impact on assets and liabilities:

(Rs. in lacs)

Sr. No.	Particulars	F.Y. 31-03-2007	F.Y. 31-03-2008	F.Y. 31-03-2009	F.Y. 31-03-2010	30-06-2010 (3 months)
A	Fixed Assets					
	Gross Block	-	-	-	-	-
	Accumulated Deprecation	(5.04)	(63.73)	-	-	-
	CWIP	-	-	-	-	-
B	Inventories	4.80	10.30	15.60	-	-
C	Cash & Bank Balances	-	-	-	-	-
D	Other Current Assets	-	-	-	-	-
E	Loans & Advances	-	-	-	-	-
F	Unsecured Loans	-	-	-	-	-
G	Current Liabilities	-	-	-	-	-
H	Provisions	-	-	(7.46)	-	-
I	Deferred Tax Liabilities	1.72	19.96	-	-	-
J	Reserves & Surplus	8.12	54.07	23.05	-	-
K	Miscellaneous Expenditure	-	-	-	-	-

2. Changes in accounting policies



- a) *Change in Depreciation Policy:* During the F.Y. 2008-09, the company changed its accounting policy related to depreciation on fixed assets from Written Down Value to Straight Line Method. Accordingly the change has been given a retrospective effect and the adjustments made in each year as explained above.
- b) *Change in Inventory Valuation Policy:* During the F.Y. 2009-10, the company changes its accounting policy related to inventories from Weighted Average accounting to FIFO Based accounting. Accordingly the change has been given a retrospective effect and the adjustments made in each year as explained above.

3. Other material adjustments

- a) Provision for Tax and Provision for Deferred Tax has been adjusted in order to give taxation related effect of the adjustments made due to policy changes.

4. Regroupings

Appropriate adjustments have been made in the Restated summary statement, wherever required, by a reclassification of the corresponding items of assets, liabilities, Income, Expenditure and cash flows, in order to bring them in line with the groupings as per the audited interim financials of the Company for the three month period ended June 30th, 2010.

5. Audit Qualifications not requiring Financial Adjustments

For the Auditors Report pertaining to F.Y. ended March 31, 2009 following audit qualifications were made:

- a) *The company has not maintained detailed item-wise/cost-wise stock records. However inventories records are maintained in broad categories only. The item wise quantitative details are maintained under broad head Steel Tubes and Pipes, Work in Progress, Steel for Manufacturing and Steel for Trading.*
- b) *In our opinion and according to the information and explanation given to us, internal control procedures needs to be strengthened to commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have observed that the present internal control system is weak as regards to purchase of inventory and fixed assets; and sales of goods.*
- c) *According to the information and explanations given to us, the register under section 301 of the Companies Act, 1956 remains to be updated and was not provided for verification, however the company has furnished certificate in respect of transaction carried out by the company with parties as listed in register under section 301, the disclosure of all such transactions are based on the certificate only.*
- d) *The Company has accepted deposits from friends and relatives of the directors, the procedure for accepting deposits as prescribed under the Companies Act including issuing of advertisement/statement in lieu of advertisement; prescribed Return etc. has not been filed with Registrar of Companies; which is in contravention of the provision of Section 58A & 58AA of the Companies Act, 1956.*

There are no audit qualifications in the latest Auditor's reports for the year ended March 31, 2010 and June 30, 2010.

(B) Other Notes

1. The Company was incorporated as a public limited company under the Companies Act, 1956 as MODERN TUBE INDUSTRIES LIMITED. There has been no change in the name of the company since incorporation.
2. In the opinion of the Management, Current Assets, Loans & Advances are approximately of the value stated, if realized, in the ordinary course of business.
3. Contingent Liabilities not provided for are given as Annexure XIV
4. Related Party Disclosures as required in terms of 'Accounting Standard -18 are given in Annexure XXII.



5. Some of the vehicles are registered in the name of the directors of the company.
6. Earnings Per Share (EPS) as required in terms of 'Accounting Standard -20 are given in Annexure XXV.
7. The Tax effect of Significant Timing (Temporary) Differences that resulted in Deferred Tax Assets & Liabilities and description of the Financial Statement items that creates these differences are as follows:

Particulars	Balance as on 1st April, 10	(Charged) / Credited To P&L	Balance as on 30 th June, 10
Deferred Tax Liabilities	17,345,438	19,56,988.76	1,93,02,426.76

8. The figures of June 30th, 2010 are for 3 months and previous years March 31, 2010, March 31, 2009, March 31, 2008, and March 31, 2007 are for 12 months, Hence, June 30th, 2010 figures are not comparable with those of earlier years.
9. The company is in the process of determining the payments exceeding Rs. 1,00,000/- that are outstanding for more than 30 days payable to Micro, Small and medium enterprise Development Act, 2006.
10. Additional information for the Three month period ended June 30, 2010 pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, to the extent applicable to the company and as certified by the management and relied upon by the auditors :-

Class of Goods	Unit of Quantity	Licensed Capacity		Installed Capacity		Actual Production	
		30.06.2010	31.03.2010	30.06.2010	31.03.2010	30.06.2010	31.03.2010
S.S. Pipes and Tubes	MT	NA	NA	7,200 Mt	7,200 Mt	438.17 MT	2464.10 MT

Earnings in Foreign Exchange:

(Rs. in lacs)

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Export of goods	46.99	126.67	82.84	3.41	-

Expenditure in Foreign Exchange:

(Rs. in lacs)

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Purchase of RM	29.25	9.32	50.98	71.05	-
Foreign Travelling	-	-	-	1.20	0.46

11. Remuneration Payment to Directors:

Name of Directors	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Mahendra Bhansali	3,00,000	7,45,000	2,31,000	2,10,000	-
Himanshu Sharma	99,600	-	-	-	-

12. Payment to Auditors:

Particulars	31.03.2010	31.03.2009	31.03.2008	31.03.2007
For Audit Fees	3,37,727	2,48,175	1,40,450	35,000
For other services	-	89,608	44,187	-
TOTAL	3,37,727	3,37,783	1,84,637	35,000



Statement of Secured loans taken by the Company, As restated

Annexure VI

(Rs. in Lacs)

Name of the Lender	Nature of Loan	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
A. Term Loans						
Bank of Baroda (Baroda, Alkapuri)	Rupee Loan	-	-	866.72	706.51	703.72
Indian Overseas Bank (Baroda, Alkapuri)	Rupee Loan	365.85	1049.02	-	-	-
Others	Vehicle Loan	6.90	14.01	9.86	12.18	10.43
Total Term Loans (A)		372.75	1063.03	876.58	718.69	714.15
B. Working Capital Facilities						
Bank of Baroda (Baroda, Alkapuri)	Cash Credit	-	-	1234.65	2512.38	2092.46
Indian Overseas Bank (Baroda Alkapuri)	Cash Credit	70.48	701.81			
Total Working Capital Facilities (B)		70.48	701.81	1234.65	2512.38	2092.46
Total Secured Loans (A+B)		443.23	1764.84	2111.23	3231.07	2806.61

Summary statement of terms and conditions of secured loans

(Rs. in Lacs)

Name of Bank	Nature of Loan	Sanction Amount	Outstanding as on 30.06.2010	Installment amount/ Repayment/ Reschedulement	Rate Interest of	Security
Term Loans						
Bank of Baroda (Baroda, Alkapuri)	Rupee Loan	904.00	703.72	Currently, Installments of Rs. 27.93 are payable every month	Base Rate + 4.5 % i.e. 12.50 % p.a with, monthly rests.	1) Hypothecation of Plant and Machineries, Crane, Laboratory equipment, Dies, and Tools and other misc. fixed assets 2) Personal Guarantee of <ul style="list-style-type: none"> Mr. Mahendra Bhansali Mr. Ramesh Bhansali Mr. Suratmalji Bhansali
Working Capital Facilities						
Bank of Baroda (Baroda, Alkapuri)	Cash Credit	2000.00	2092.46	Cash Credit on Demand	Base Rate + 4.0 % i.e.12.00 % p.a.	1) Extension of charge over fixed assets i.e. Land and Building and Plant and Machineries. 2) Personal Guarantees of: <ul style="list-style-type: none"> Mr. Mahendra Bhansali Mr. Ramesh Bhansali Mr. Suratmalji Bhansali
Total		2904.00	2796.18			

Note: The Company has not defaulted on loans and no penalty has been levied. Refer Annexure IV - Notes on Adjustments in Restated Financial statements.


Statement of Unsecured Loans, As restated
Annexure VII
(Rs. in Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
From Directors and Relatives	58.31	43.97	177.62	31.10	16.05
From Banks and Finance Companies	-	-	95.45	23.17	13.55
Grand Total	58.31	43.97	273.07	54.27	29.60

Note: The above mentioned loans are repayable on demand.
Refer Annexure IV - Notes on Adjustments in Restated Financial statements.

Statement of Other Income, As restated
Annexure VIII
(Rs. in Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Job Work Income	-	-	9.46	10.12	4.10
Sale of Electricity (Wind Mill)	0.30	35.33	57.38	36.38	11.23
Depreciation Written Back	-	-	-	-	-
Interest Income	-	0.02	0.34	2.15	0.78
Discount Received	-	-	0.56	0.84	-0.01
Foreign Exchange Difference	-	2.16	(0.87)	0.16	-
Other Income	0.20	2.04	5.77	3.07	2.58
Survey Stock (Compulsory Addition to Stock as per IT Survey)	-	-	-	200.00	-
Total	0.5	39.55	72.64	252.72	18.68

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

Statement of Fixed assets, As restated
Annexure IX
(Rs. in Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Freehold Land	24.19	29.99	31.12	35.68	35.68
Less: Accumulated Depreciation	-	-	-	-	-
Net Block	24.19	29.99	31.12	35.68	35.68
Leasehold Land	27.50	27.50	27.50	27.50	27.50
Less: Accumulated Depreciation	0.23	0.23	6.29	8.58	9.11
Net Block	27.27	27.27	21.21	18.92	18.39



Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Wind Mill Less: Accumulated Depreciation	304.97 0.60	314.23 15.47	314.23 30.39	314.23 45.32	314.23 49.05
Net Block	304.37	298.76	283.84	268.91	265.18
Plant & Machinery Less: Accumulated Depreciation	156.30 1.99	625.07 10.40	773.22 44.51	808.87 81.95	941.30 92.68
Net Block	154.31	614.67	728.72	726.91	848.62
Electric Installation Less: Accumulated Depreciation	0.24 0.002	74.07 0.91	88.79 4.77	94.56 9.20	190.52 11.46
Net Block	0.238	73.16	84.02	85.36	179.06
Furniture and Fixture Less: Accumulated Depreciation	0.05 0.00	1.91 0.02	2.12 0.15	4.53 0.36	5.28 0.44
Net Block	0.05	1.89	1.97	4.17	4.84
Computer Less: Accumulated Depreciation	0.85 0.028	4.13 0.37	7.13 1.38	12.30 2.93	12.63 3.44
Net Block	0.82	3.76	5.76	9.36	9.19
Air Condition Less: Accumulated Depreciation	- -	0.35 0.003	1.53 0.07	2.07 0.17	2.64 0.20
Net Block	-	0.34	1.46	1.91	2.45
Office Equipments Less: Accumulated Depreciation	- -	0.95 0.02	1.51 0.08	1.75 0.19	1.75 0.22
Net Block	-	0.93	1.43	1.56	1.53
Factory Building Less: Accumulated Depreciation	- -	363.20 5.36	410.60 18.50	428.02 32.59	447.51 36.32
Net Block	-	357.84	392.10	395.43	411.19
Vehicles Less: Accumulated Depreciation	- -	20.98 0.48	20.98 2.86	36.23 5.63	36.23 6.66
Net Block	-	20.50	18.12	30.59	29.57
Motor Car Less: Accumulated Depreciation	- -	- -	3.84 0.34	3.84 0.78	3.84 0.88
Net Block	-	-	3.50	3.06	2.95



Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Cycles	-	0.021	0.021	0.029	0.029
Less: Accumulated Depreciation	-	0.0003	0.001	0.002	0.003
Net Block	-	0.02	0.02	0.03	0.03
Guest House	-	-	4.25	4.25	4.25
Less: Accumulated Depreciation	-	-	0.07	0.14	0.15
Net Block	-	-	4.18	4.11	4.10
Mobile	-	-	-	0.38	0.83
Less: Accumulated Depreciation	-	-	-	0.02	0.04
Net Block	-	-	-	0.37	0.79
Capital Work in Progress	43.19	-	-	51.31	179.39

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

Statement of Sundry Debtors showing age-wise analysis, As restated

Annexure X

(Rs. in Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Sundry Debtors					
Debts outstanding for a period exceeding six months					
Considered good	-	63.89	255.96	381.10	515.23
Considered doubtful debts	-	-	-	-	-
Less: Provision for doubtful debts	-	-	-	-	-
Other debts considered good (Less than 6 months)	563.63	1575.25	992.26	2781.13	4413.64
Total Debtors	563.63	1639.14	1248.22	3162.23	4928.87

Note: None of the debtors include any entities covered under promoters and promoters group

Refer Annexure IV – Notes on Adjustment in Restated Financial Statements.


Statement of Loans and Advances, As restated
Annexure XI
(Rs. in Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Advance to Income Tax & TDS	0.42	10.62	19.51	0.49	0.51
Advance to Staff	15.01	2.25	2.10	0.82	1.72
Deposits	-	32.48	11.86	12.15	12.16
Advance to Supplier	1.15	107.5	30.12	119.24	193.85
Prepaid Expenses	0.41	0.67	1.53	1.26	1.27
Advance to Revenue Authorities	22.91	80.67	106.91	42.44	61.46
Total	39.90	234.19	172.03	176.40	270.97

Note: None of the loans and advances include any entities covered under promoters and promoters group

Refer Annexure IV – Notes on Adjustment in Restated Financial Statement.

Statement of Current Liabilities & Provisions, As restated
Annexure XII
(Rs. In Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
<u>Current Liabilities</u>					
Sundry Creditors					
- For Goods	409.08	1632.00	949.04	556.63	2487.36
- For Expenses	71.23	70.14	5.05	40.36	42.84
- For Capital Goods	107.75	91.40	51.89	11.37	303.39
Advance received from Customers	5.00	33.09	134.37	90.52	64.29
Other Liabilities	2.71	8.15	7.12	-	-
Bills Payable	-	-	-	722.02	500.88
Duties & Taxes	-	-	-	3.21	13.87
Sub Total (A)	595.77	1834.78	1147.47	1424.10	3412.63
<u>Provisions</u>					
Provision for Expenses	3.87	1.69	16.12	11.07	17.49
Provision for Tax	13.57	29.42	35.55	93.48	137.51
Sub Total (B)	17.44	31.10	51.67	104.55	155.00
Total (A+B)	613.20	1865.88	1199.14	1528.65	3567.63

Refer Annexure IV – Notes on Adjustment in Restated Financial Statement.


Statement of Dividend Paid, As restated
Annexure XIII
(Rs. in Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Face Value of Equity Shares (Rs. Per Share)	10	-	-	-	-
Interim Dividend on Equity Shares	0.50	-	-	-	-
Final Dividend on Equity Shares	-	-	-	-	-
Total Dividend on Equity Shares	0.50	-	-	-	-
Dividend Rate (%)	9.81%	-	-	-	-
Dividend Tax	0.07	0.01	-	-	-

Note: No dividend is paid by the Company during the above mentioned Years/Period.

Refer Annexure IV – Notes on Adjustment in Restated Financial Statement.

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

Statement of Related Parties and Transactions
Annexure XIV

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

Key Management Personnel

For year Ended				For Period Ended
31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Mahendra Bhansali	Mahendra Bhansali	Mahendra Bhansali	Mahendra Bhansali	Mahendra Bhansali
Suratmalji Bhansali	Suratmalji Bhansali	Suratmalji Bhansali	Himanshu Sharma	Himanshu Sharma

Relatives of Key Management Personnel

For year Ended				For Period Ended
31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Ramesh Bhansali	Ramesh Bhansali	Ramesh Bhansali	Ramesh Bhansali	Ramesh Bhansali
Dhwani Bhansali	Dhwani Bhansali	Dhwani Bhansali	Dhwani Bhansali	Dhwani Bhansali
Avni Bhansali	Avni Bhansali	Avni Bhansali	Avni Bhansali	Avni Bhansali

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

For year Ended				For Period Ended
31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
M/s. Advance Metal Testing Laboratory	M/s. Advance Metal Testing Laboratory	M/s. Advance Metal Testing Laboratory	-	-
-	-	-	-	M/s. Manas Capital Services Pvt. Ltd.
M/s. Mack Steel Co.	M/s. Mack Steel Co.	M/s. Mack Steel Co.	M/s. Mack Steel Co.	M/s. Mack Steel Co.
M/s. Parag Metals	M/s. Parag Metals	M/s. Parag Metals	M/s. Parag Metals	M/s. Parag Metals



M/s. Real Steel	M/s. Real Steel	M/s. Real Steel	M/s. Real Steel	M/s. Real Steel
M/s. Modern Tube Industries	M/s. Modern Tube Industries	-	-	-

(Rs. In Lacs)

Nature Of Transaction	For the year ended 31.03.2007		For the year ended 31.03.2008		For the year ended 31.03.2009		For the year ended 31.03.2010		For the period ended 30.06.2010	
	Associates concerns	KMP & Their relative & their enterprises	Associates concerns	KMP & Their relative & their enterprises	Associates concerns	KMP & Their relative & their enterprises	Associates concerns	KMP & Their relative & their enterprises	Associates concerns	KMP & Their relative & their enterprises
Sales										
M/s. Parag Metals	-	-	-	-	398.22	-	23.07	-	360.09	-
M/s. Mack Steel Co.	-	-	-	-	-	-	15.57	-	-	-
M/S. Modern Tubes Industries		45.12								
Purchases										
M/s. Parag Metals	-	-	86.05	-	81.38	-	818.87	-	211.95	-
M/s. Mack Steel Co.				-	162.66	-	4.68	-	-	-
M/s. Real Steel	-	-	26.99	-	-	-	-	-	-	-
M/S. Modern Tubes Industries		46.46		159.59						
Purchase of Fixes Assets										
M/S. Modern Tubes Industries		231.14		30.80						
Remuneration / Salary (including reimbursement of expenses)										
Mahendra Bhansali	-	-	-	-	-	-	-	6.36	-	3.00
Himanshu Sharma	-	-	-	-	-	-	-	-	-	1.00
Payment against services / rentals etc.										
Mahendra Bhansali	-	-	-	-	-	8.13	-	13.17	-	-
Advance Metal Testing Laboratory	0.102	-	3.885	-	2.63	-	1.12	-	0.51	-
Temporary Loan from Modern Tube Industries	-	99.83	-	288.65	-	3.58	-	-	-	-
Repayment of Temp Loan to Modern Tube Industries	-	4.50	-	341.20	-	46.36	-	-	-	-


Statement of Contingent Liabilities
Annexure XV
(Rs. In Lacs)

Particulars	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Letter of Credit Issued by Banks	34.63	100.00	-	722.02	500.88
Bank Guarantee	0.00	9.27	9.27	23.34	19.38
Total	34.63	109.27	9.27	745.36	520.26

Notes: The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary financial statements.

Statement of Accounting Ratios, As restated
Annexure XVI

Particulars	As On 31.03.2007	As On 31.03.2008	As On 31.03.2009	As On 31.03.2010	As On 30.06.2010
Adjusted EPS Calculation (Considering Bonus Share Effect in Previous Years)					
Adjusted earnings per share (In Rs.)	15.97	14.55	0.47	2.78	0.72*
Net Assets value per share (Rs.)	181.00	26.45	28.87	43.01	45.57
Return on Net Worth (%)	13.13%	33.71%	4.94%	14.49%	5.56%*
No of Weighted average of outstanding shares					
i) Weighted avg. no. of outstanding Equity Shares	165152	962893	6103847	7657305	11964750
ii) No. of shares at the end of period	111000	1572000	2033500	3418500	3418500
iii) Net Worth of the Company (Rs. in lacs)	200.19	415.77	586.97	1470.25	1557.77
Basic EPS Calculation (Without Considering Bonus Share Effect in Previous Years)					
- Weighted No of shares at the end of the year	47186	275112	1743956	2187801	3418500
- Earning per share (In Rs.)	55.88	50.94	1.66	9.73	2.53*
- Net profit / (loss) attributable to equity Shareholders	26.37	140.14	29.00	212.98	86.56
- Net profit / (loss) attributable to equity Shareholders before extra ordinary items	26.37	140.14	29.00	212.98	86.56

The company has issued 51,27,750 equity shares as bonus shares on 20/09/2010 and 34,18,500 equity shares as bonus shares on 11/11/2010 out of the Reserves and Surplus by capitalizing Rs. 5,12,77,500 and Rs. 3,41,85,000 respectively. Hence for enhanced presentation purpose, we have presented Adjusted EPS giving retrospective effect to such bonus shares allotted.

*Adjusted EPS, Return on Net Worth and Basic EPS for the Quarter ending June, 2010 are not annualized



Notes:

1. Brackets indicate negative figures.
2. Weighted average no. of shares has been calculated on time basis.
3. Formulas for calculating Ratios:

$$(i) \text{ Earning Per share (Rs.)} = \frac{\text{Net profit attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$(ii) \text{ Net asset value per share (Rs.)} = \frac{* \text{ Net worth}}{\text{Number of equity shares outstanding during the year}}$$

Net worth = Equity Share capital + Share Application Money + General Reserves + Securities Premium Account (+/-) Surplus/Deficit in profit and loss Account (-) Miscellaneous Expenditure (to the extent not written off) (-) Deferred Tax Assets

$$(iii) \text{ Return on Net Worth (\%)} = \frac{\text{Net profit attributable to equity shareholders}}{\text{Net worth}}$$

4. Restated net profit, as appearing in the restated Statement of profits and losses (Annexure I) and net worth as appearing in the statement of restated assets and liabilities (Annexure II), has been considered for the purpose of computing the above ratios.
5. Earnings per share calculations are done in accordance with Accounting Standard-20 "Earning per share" issued by the Institute of Chartered Accountants of India.

Statement of Tax Shelter

Annexure XVII

Particulars	(Rs. In Lacs)				
	31.03.2007	31.03.2008	31.03.2009	31.03.2010	30.06.2010 (3 months)
Profit/ (loss) before Tax, as restated	120.26	213.90	51.91	336.65	150.15
Tax at Normal Rate (30.60%) (30.90%) (30.90%) (33.99%) (33.22%) respectively	36.80	66.10	16.04	114.43	49.88
Adjustment:					
Donation and other disallowable expenses	0.05	1.58	2.68	13.40	2.10
Difference between tax depreciation and book depreciation	131.15	240.29	116.87	78.68	19.73
U/s 40A	5.16	1.15	-	-	-
Unabsorbed Losses B/f		10.46	33.99	37.84	-
Net Adjustment	125.94	248.02	148.18	103.12	17.63
Tax saving thereon @ 30.60%,30.90% and so on (Tax Rate + Surcharges) etc	38.54	76.64	45.79	35.05	5.86
Total Taxation	-1.74	-10.54	-29.75	79.38	44.02
Tax on extraordinary items	-	-	-	-	-
Tax on profit before extraordinary items	-1.74	-10.54	-29.75	79.38	44.02
MAT paid @ 11.22% on book profit	12.39	-	-	-	-



MAT paid @ 11.33% on book profit	-	16.96	12.50	-	-
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** Income Tax Rates which were applicable to our company are as under:

ASSESSMENT YEAR	RATE
Tax Rate	
2007-08	30.60%
2008-09	30.90%
2009-10	30.90%
2010-11	33.99%
2011-12	33.22%
MAT(Minimum Alternative Tax)	
2007-08	11.22%
2008-09	11.33%
2009-10	11.33%

Notes:

- 1) The figures disclosed above are based on the Restated Summary Statements of the Company.
- 2) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements.

Statement of Capitalization, As restated

Annexure XVIII

(Rs. In Lacs)

Particulars	Pre-issue as at March 31, 2010	Pre-issue as at June 30, 2010	Post Issue
A. Total Debts			
a) Short Term Debts	2566.65	2122.06	[•]
b) Long Term Debts	718.69	714.15	[•]
Total A. (a+b)	3285.34	2836.21	[•]
B. Shareholders' Funds (Equity)			
a) Equity shares capital	341.85	341.85	[•]
b) Reserves and surplus	1136.71	1223.28	[•]
c) Share Application Money	0.00	0.00	[•]
Total Shareholders' funds	1478.56	1565.13	[•]
Less: Misc. Expenses	8.31	7.36	
Net Shareholders Fund (B)	1470.25	1557.77	
Long Term Debts / Equity	0.49	0.46	[•]
Debts / Equity (A/B)	2.23	1.82	[•]



Notes:

1. Short term Debts represent which are due within 12 months.
2. Long term Debts represent debts other than Short term Debt as defined above.
3. The figures disclosed above are based on re stated Summary statement of Assets and Liabilities of the company as at 31st march 2010 and for the period ended 31st June 2010.
4. Long term To Equity = Long term Debts/ Share holder's Funds
5. Total Debt to equity ratio = Total Debt/ Share holder's Fund
6. Share Application Money is considered for calculation of Shareholder's Fund.
7. The corresponding post issue figures are not determinable at this stage pending the completion of book building process and hence have not been furnished.

For Vikas A. Manohar & Co.
Chartered Accountants

(Vikas A. Manohar)
Membership No. : 039097
Firm ICAI Registration No. : 111449W

Place: VADODARA
Date: December 10, 2010



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

The following discussion of our financial condition and results of operations should be read together with the audited financial statements, for each of the fiscal years ended March 31, 2007, 2008, 2009, 2010 and for 3 months period ended June 30, 2010 including the Annexures and Notes thereto and the Reports thereon, which appear in the section titled "Auditors Report" beginning on page 137 of this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Regulations as described in the Auditor's Report of M/s. Vikas A. Manohar & Co. Chartered Accountants in the chapter titled 'Auditors Report' beginning on page 137 of this Draft Red Herring Prospectus.

Our Financial Year (FY) ends on March 31 of each year, so all references to a particular FY are to the twelve month period ended March 31 of that year.

A. Business Overview

We are engaged in the manufacturing of high quality stainless steel seamless and welded tubes, u-tubes & pipes as well as the export-import of sheets, coils, seamless tubes in all AISI and ASTM standard and grades on made to order basis as well as standard stock basis. Starting with an initial capacity of 180 metric tons per annum in 2006, today we have an annual installed capacity of 7200 metric tons per annum. Our products are exported to over 10 countries across the globe including the USA, UK, Canada, and various countries in South-East Asia.

Our six acre manufacturing plant is located near GIDC, Por, Vadodara and is adjacent to National Highway No. 8, which connects New Delhi to Mumbai and passes through state capitals like Gandhinagar & Jaipur as well as other cities like Surat & Ahmedabad.

Our Management Systems have been certified to be in compliance with ISO 9001:2008 by Bureau Veritas Certification (I) Pvt. Ltd. Also, the quality of products engineered by us are approved and certified by large engineering and infrastructure companies such as Bureau Veritas, Germanischer Lloyd, Inspectorate Griffith India Pvt. Ltd, Det Norske Veritas AS, etc.

Our Revenues have grown from Rs. 781.59 Lacs in fiscal 2006-07 to Rs. 10690.29 Lacs in fiscal 2009-10, at a CAGR of 92.31%. Our earnings before interest, tax, depreciation and amortization have increased from Rs. 131.92 Lacs in 2006-07 to Rs. 703.65 lacs in 2009-10, at a CAGR of 51.97%. Our profit after tax has increased from Rs. 18.25 lacs in fiscal 2006-07 to Rs. 236.03 lacs in fiscal 2009-10, at a CAGR of 89.64%.

Further, to improve the operations, we have decided to undergo expansion of the plant's capacity by adding different sizes as well as by further augmenting current product capacities at the existing manufacturing facility. With the same, we plan to achieve an installed capacity of 14,400 metric tons.

Significant developments:

Following are the significant developments after the date of last audited financial results i.e. June 30, 2010:

- 1) We have received fresh sanctions for credit facilities from various banks. For details regarding the same, please see "Financial Indebtedness" beginning on page 171 of this Draft Red Herring Prospectus.
- 2) We have received following vendor approval after June 30, 2010 and prior to the date of this Draft Red Herring Prospectus:
 - Engineers India Limited



B. Key factors affecting the results of operation:

Our Company's future results of operations could be affected potentially by the following factors:

- General economic and business conditions.
- Company's ability to successfully implement their expansion, business and growth strategies.
- Prevailing trends in the Stainless Steel Pipes and Tubes Industry,
- Trends in the Infrastructure, Oil and Gas and Heavy Machinery Industries, which are sectors to which most of the products of our Company are supplied.
- Increasing competition in the industry.
- Cyclical fluctuations in the operating results.
- Changes in laws and regulations that apply to the industry.
- Changes in fiscal, economic or political conditions in India.
- Availability of raw materials.

C. Discussion on Capacity addition and utilization:

Gross Capacity Utilisation

Following are the details of the existing installed capacity of the company:

Particulars	For the Financial Year			
	2006-07	2007-08	2008-09	2009-10
Installed Capacity (MT)	200.00	1200.00	7200.00	7200.00
Capacity Utilization (MT)	94.39	192.27	806.34	2464.10
Capacity Utilization (%)	47.19	16.02	11.20	34.22

We have gradually increased our installed capacity from 200 MT in 2006-07 to 7200 MT in 2009-10 at a CAGR of 230.19% p.a. by adding various product lines and increasing machines for high capacity utilization products. Since, installed capacity has been gradually increasing from 2006-07 to 2008-09, the capacity utilization figures cannot be compared for these financial years. However, the capacity utilization after the plant expansion in 2008-09 has increased from 11.20% to 34.22% in 2009-10 at an CAGR of 205.54% p.a.

Product wise Capacity Utilisation

Process	FY. 2008	F.Y. 2009	F.Y. 2010
Seamless Tubes and Pipes			
Annual Installed Capacity	200	800	800
Capacity Utilized	38	161	792
% Utilization	19%	20%	99%
Big Pipe Plant			
Annual Installed Capacity	-	1200	1200
Capacity Utilized	-	100	357
% Utilization	-	8%	30%
Other Welded Tubes and Pipes			
Annual Installed Capacity	1000	5200	5200
Capacity Utilized	154	545	1680



% Utilization	15%	10%	32%
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Reasons for low capacity utilization:

At the moment we are approximately utilizing only 40% of our manufacturing capacity. The reasons for the low capacity utilization are that we are still to procure some of the machineries which are required by our big pipe and other welded tubes and pipes division, due to non establishment of such machines we are unable to provide the relevant quality products to satisfy the demand, thus we now intend to procure such machineries from the issue proceeds through IPO, the second reason is that we also face shortage of funds in form of working capital and due to the constraint on the amount of working capital available, we are reluctant on accepting large orders as we are afraid of not being able to fulfill our delivery commitments. With the receipt of enhanced working capital limits, we shall be able to run our plant close to its optimum capacity. The same shall improve our profitability.

Also our present production is majorly for general purpose applications only. We have already started our expansion project which will upgrade the quality of our products and there after we shall be able to produce pipes and tubes for critical application that will add value to our product range and consequently increase our margins and further improve the profitability of our Company.

D. Discussion on Operating Results

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the March 31, 2007, 2008, 2009, 2010 and for 3 months period ended June 30, 2010.

Analysis on results of financial operations:

Particulars	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	3 Months ended June 30, 2010
Income					
Sales					
Of Products manufactured by the Issuer	74.89	507.42	1,447.95	3507.54	2955.92
Of Products traded in by the Issuer	706.70	5,379.77	4,386.41	7182.76	-
Net Sales	781.59	5,887.19	5,834.36	10,690.30	2955.92
Other Income (Refer Annexure VIII)	0.50	39.55	72.64	252.72	18.68
Increase /(Decrease) in Inventories	150.75	436.43	(197.59)	170.07	(314.93)
Total	932.84	6,361.17	5,709.41	11,113.09	2659.67
Expenditure					
Raw Materials consumed	776.94	5,759.21	4,963.25	9976.09	2277.44
Manufacturing Expenses	2.98	60.77	130.33	144.24	42.79
Employee Cost & Benefits	5.77	41.38	59.07	77.53	52.60
Administrative & Other Expenses	10.44	64.83	80.72	123.38	26.85
Preliminary expenses written off	-	3.10	3.80	3.80	0.95
Interest & Finance Charges	13.61	189.55	344.20	372.94	86.07
Depreciation	2.84	30.43	76.13	78.46	22.81
Total	812.58	6,149.27	5,657.50	10,776.44	2509.51
Net Profit / (Loss) before tax	120.26	213.90	51.91	336.65	150.16
Taxation :	93.89	73.76	22.91	123.67	63.60
- Provision for Tax	13.50	19.28	7.05	100.94	44.03



- Provision for Deferred Tax	80.39	54.48	15.86	22.73	19.57
Net Profit / (Loss) before extra ordinary items	26.37	140.14	29.00	212.98	86.56
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit/(Loss) after tax and extraordinary items	26.37	140.14	29.00	212.98	86.56
Less: Proposed Dividend	0.50	-	-	-	-
Tax on Dividend	0.07	0.01	-	-	-
Balance Carried to Balance Sheet	25.80	140.13	29.00	212.98	86.56

Review for the three months period ended June 30, 2010

Income:

Our Net Sales for the three months period ended June 30, 2010 was Rs. 2955.92 lacs. In the current period the total amount of sales has been contributed by our manufacturing segment as the increase in plant capacity utilization increases our focus on higher margin manufacturing business. Other income for said period was recorded at Rs. 18.68 lacs.

Cost of Production:

The raw materials consumed and direct manufacturing expenses during the said period are aggregating to Rs. 2277.44 Lacs and Rs. 42.79 Lacs respectively, thus the total cost of manufacturing during the said period is Rs. 2320.73. As a proportion of sales, it was 78.5%.

Administration and Staff Costs:

The Administration and Staff Costs for the three months period ended June 30, 2010 aggregated to Rs. 79.45 lacs. As a proportion of sales, it was 2.67%.

PBDIT:

Our PBDIT for the three months period ended June 30, 2010 was Rs. 554.59 lacs. Our PBDIT margin for the corresponding period was 18.76%.

Interest and Financial charges:

Interest and Financial Charges for the three months period ended June 30, 2010 was 86.07 lacs. As a proportion of sales, our interest and financial charges are 2.91%.

Profit before Tax:

For the three months period ended June 30, 2010, our profit before tax was 150.16 lacs. As a proportion of sales, our profit before tax margin for corresponding period was 5.08%.

Profit after tax:

For the three months period ended June 30, 2010, our profit after tax was 86.56 lacs. As a proportion of sales, our profit after tax margin for corresponding period was 2.93%.

Comparison of performance for year ended March 31, 2010 with year ended March 31, 2009

Income:



Gross Sales for the year ended March 31, 2010 was Rs. 10690.30 Lacs as compared to Rs. 5834.36 Lacs during the year ended March 31, 2009 showing an increase of 83.23%. This can mainly be attributed to increase in plant capacity and improvement in market conditions and demand for our products. Further, our manufacturing sales also increased from Rs. 1447.95 Lacs for the year ended March 31, 2009 to Rs. 3507.54 Lacs for the year ended March 31, 2010 showing an increase of 142.24%, while the sales from traded goods has increased from Rs. 4386.41 Lacs for the year ended March 31, 2009 to Rs. 7182.76 Lacs for the year ended March 31, 2010 showing an increase of 63.75%.

During the year ended March 31, 2010, our other income earned was Rs. 252.72 Lacs as compared to Rs. 72.64 Lacs for the year ended March 31, 2009 showing an increase of 247.91%. This was primarily on account of Rs. 200.00 Lacs worth survey stock which was declared as income based on income tax department requirement.

Cost of Production:

The raw materials consumed and direct manufacturing expenses during the financial year ended March 31, 2010 are aggregating to Rs. 9976.09 Lacs and Rs. 144.24 Lacs respectively, thus the total cost of manufacturing during the said period is Rs. 10120.33 Lacs as compared to Rs. 5093.58 Lacs for the financial year ended March 31, 2009. This shows an increase of 98.69%, which can be attributed to the higher turnover and hence increase in raw materials consumed. Also the cost of production as a percentage of sales increased from 87.30% in F.Y. ended 2009 to 94.67% in F.Y. ended 2010. This was primarily due to the increased volatility in raw material prices and the higher trading turnover, which is primarily low margin in nature.

Administrative and Staff Costs:

Administrative and Staff Costs increased to Rs. 200.91 Lacs for the F.Y. ended March 31, 2010 from Rs. 139.79 Lacs for period ended March 31, 2009 showing an increase of 84.10%. During 2010, the administrative expenses and staff costs were 1.14% of gross income as against 1.48% during 2009. The increase in the administrative expense is due to increase in salaries and wages stemming from the increased plant capacity.

PBDIT:

PBDIT increased from Rs. 472.24 Lacs for the year ended March 31, 2009 to Rs. 788.05 Lacs for year ended March 31, 2010 showing an increase of 66.88%. During 2010, the Company recorded PBDIT of 7.09% of the gross income as against 8.27% during 2009. The decrease in the PBDIT margins is mainly due to increased fixed costs from the increased plant capacity and also higher expenditure on certifications which we believe would give returns for years to come.

Interest and Financial charges:

Financial expenses increased from Rs. 344.22 Lacs for the year ended March 31, 2009 to Rs. 372.94 Lacs for the period ended March 31, 2010, showing the decrease of 8.35%. During 2010, the Company recorded Interest and Financial charges of 3.36% of the gross income as against 6.03% during 2009. This reduction in interest costs as compared to total income is stemming from improved top line performance.

Profit before Tax:

For the year ended March 31, 2010, our profit before tax was Rs. 336.65 lacs as compare to Rs. 51.91 Lacs for the year ended March 31, 2009, showing an increase of 548.53%. During the year ended March 31, 2010, the Company recorded this as 3.03% of the gross income as against 0.91% during 2009. This is improvement in PBT Margins can be attributed to the improved topline performance and better plant utilization levels.

Profit after Tax:



PAT increased from Rs. 29.00 Lacs for the year ended March 31, 2009 to a Rs. 212.98 Lacs for the year ended March 31, 2010. This is mainly due to improved top line performance and better plant capacity utilization levels.

Comparison of performance for year ended March 31, 2009 with year ended March 31, 2008

Income:

Gross Sales for the year ended March 31, 2009 was Rs. 5834.56 Lacs as compared to Rs. 5887.19 Lacs during the year ended March 31, 2008 showing a decrease of 0.90%. This can mainly be attributed to the adverse economic and industry demand conditions during the said period. Further, our manufacturing sales increased from Rs. 507.42 Lacs for the year ended March 31, 2008 to Rs. 1447.95 Lacs for the year ended March 31, 2009 showing an increase of 185.36%, while the sales from traded goods has decreased from Rs. 5379.77 Lacs for the year ended March 31, 2008 to Rs. 4386.41 Lacs for the year ended March 31, 2009 showing a decrease of 18.46%.

During the year ended March 31, 2009, our other income earned was Rs. 72.64 Lacs as compared to Rs. 39.55 Lacs for the year ended March 31, 2008 showing an increase of 83.67%. This was primarily on account of sales from the Wind Mill owned by the company.

Cost of Production:

The raw materials consumed and direct manufacturing expenses during the financial year ended March 31, 2009 aggregated to Rs. 4963.25 Lacs and Rs. 130.33 Lacs respectively, thus the total cost of manufacturing during the said period was Rs. 5093.58 Lacs as compared to Rs. 5819.98 Lacs for the financial year ended March 31, 2008. This shows a decrease of 12.48%, which can be attributed to the lower turnover and hence reduction in raw materials consumed. Also the cost of production as a percentage of sales reduced from 98.85% in F.Y. ended 2008 to 87.30% in F.Y. ended 2009. This was primarily due to the reduced top line from trading sales, which is primarily low margin in nature.

Administrative and Staff Costs:

Administrative and Staff Costs increased to Rs. 139.79 Lacs for the F.Y. ended March 31, 2009 from Rs. 106.21 Lacs for period ended March 31, 2008 showing an increase of 31.61%. During 2009, the administrative expenses and staff costs were 2.45% of gross income as against 1.67% during 2008. The increase in the administrative expense is due increase in salaries and wages stemming from the increased plant capacity.

PBDIT:

PBDIT increased from Rs. Rs. 431.88 Lacs for the year ended March 31, 2008 to Rs. 472.24 Lacs for year ended March 31, 2009 showing an increase of 9.34%. During 2009, the Company recorded PBIDT of 8.27% of the gross income as against 6.78% during 2008. The increase in the PBDIT margins is mainly due to increase in manufacturing sales, which is primarily a higher margin business.

Interest and Financial charges:

Financial expenses increased from Rs. 189.55 Lacs for the year ended March 31, 2008 to Rs. 344.20 Lacs for the period ended March 31, 2009, showing an increase of 81.59%. During 2009, the Company recorded Interest and Financial charges of 6.03% of the gross income as against 2.98% during 2008. This increase in interest costs as compared to total income is stemming from higher interest burden from newly disbursed credit facilities of Bank of Baroda.

Profit before Tax:

For the year ended March 31, 2009, our profit before tax was Rs. 51.91 lacs as compare to Rs. 213.90 Lacs for the year ended March 31, 2008, showing a decrease of 75.73%. During the year ended March 31, 2009,



the Company recorded this as 0.91% of the gross income as against 3.36% during 2008. This reduction in PBT Margins can be attributed to the adverse top line performance and poor economic and industry demand conditions.

Profit after Tax:

PAT reduced from Rs. 140.14 Lacs for the year ended March 31, 2008 to a Rs. 29.00 Lacs for the year ended March 31, 2009. This is mainly due to adverse top line performance and certain changes in accounting policies. For details refer to Annexure V of the Auditors Report on page 146 of this Draft Red Herring Prospectus.

E. LIQUIDITY AND CAPITAL RESOURCES

Particulars	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	3 months period ended June 30, 2010
Net cash from operating activities	(105.56)	(276.39)	(127.40)	(936.33)	819.04
Net cash from investing activities	(559.52)	(918.39)	(227.94)	(138.70)	(378.06)
Net cash used in financing activities	665.26	1,202.66	373.53	1,196.75	(449.13)
Net Increase / (decrease) in cash & cash equivalents (A+B+C)	0.18	7.89	18.19	121.72	(93.44)

Operating Activities

Net cash from operating activities for the Financial Year ended 2007 was negative at Rs.105.56 lacs as compared to the PBT of Rs. 120.26 lacs for the same period. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

Net cash from operating activities for the Financial Year ended 2008 was negative at Rs. 276.39 lacs as compared to the PBT of Rs. 213.90 lacs for the same period. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

Net cash from operating activities for the Financial Year ended 2009 was negative at Rs.127.40 lacs as compared to the PBT of Rs. 51.91 lacs for the same period. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

Net cash from operating activities for the Financial Year ended 2010 was negative at Rs.936.33 lacs as compared to the PBT of Rs.336.65 lacs for the same period. This difference is primarily on account of increase in the inventory balance caused due to compulsory addition of stock as per IT Survey to the extent of Rs. 200 Lacs.

Net cash from operating activities for the three (3) month period ended June 2010 was positive at Rs 797.97 lacs as compared to the PBT of Rs. 84.87 lacs for the same period. This difference is primarily on decrease in Trade and Other Receivables and Increase in Trade & Other Payables. This caused the operating cash flow to increase.

Investing Activities

For the Financial Year ended 2007, the net cash invested in Investing Activities was Rs.559.52 lacs. This expenditure was on account of purchase of Fixed Assets and writing off of Preliminary Expenses.



For the Financial Year ended 2008, the net cash invested in Investing Activities was Rs. 918.39 lacs. This expenditure was on account of purchase of Fixed Assets and writing off of Preliminary Expenses.

For the Financial Year ended 2009, the net cash invested in Investing Activities was 227.94 lacs. This expenditure was on account of purchase of Fixed Assets and writing off of Preliminary Expenses.

For the Financial Year ended 2010, the net cash invested in Investing Activities was 138.70 lacs. This expenditure was on account of purchase of Fixed Assets

For the three (3) months period ended 2010, the net cash invested in Investing Activities was 387.08 lacs. This expenditure was on account of purchase of Fixed Assets.

Financing Activities

Net cash from financing activities for the year ended March 31, 2007 was Rs. 665.26 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities for the year ended March 31, 2008 was Rs. 1202.66 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities for the Year ended March 31, 2009 was Rs. 373.53 lacs comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities for the Year ended March 31, 2010 was at Rs.1196.75 lacs primarily comprising primarily of increase in our share capital and share premium account and proceeds from long term borrowing.

Net cash from financing activities for the three (3) months period ended June 30, 2010 was negative at Rs.515.35 lacs primarily due to repayment of secured loan and interest.

F. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The Financial statements have been prepared and presented under the historical cost convention, on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and in compliance with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act, 1956, as adopted consistently by management. All the income & expenditure having material impact on financial statements are recognized on accrual basis.

2. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statement and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

3. Fixed assets

Fixed Assets are stated at the cost net of Cenvat/Value added Tax less accumulated depreciation, amortization and impairment losses if any. The cost of an asset comprises of purchase price and expenses directly attributable to cost of bringing the asset to its present location, condition and preoperative expenses.

4. Depreciation



Depreciation on Fixed Assets is related to the period of use(months) of the assets and is provided on Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with Notification No. 756E dated 16-12-93 and circulars No. 14/93 dated 20-12-93 issued by the Department of Company Affairs.

5. Revenue recognition

- i. Revenue from sales is recognized upon delivery, when title passes to buyer. Sales are inclusive of Excise Duty and exclusive of value added tax.
- ii. Interest Income is recognized on time proportion basis.

6. Inventories

The Inventory is valued as follows:-

- i. Raw Material and Packing Materials: at cost by using FIFO method
- ii. Finished Goods: at cost or net realizable value (exclusive of excise duty), whichever is lower
- iii. Work-in-progress goods: at cost which includes appropriate portion of overheads.

The excise duty on finished goods is accounted for on removal of goods from the factory premises and provision made for goods lying in bonded warehouse. Cenvat credit available on the materials is adjusted against purchases. Cenvat credit on capital goods is accounted on booking the capital goods, net of excise duty. Cenvat Credit not recouped in payment of excise duty is treated as "Receivable" and shown under "Loans and Advances". This has no effect on profit.

7. Employee Benefits

The company has not completed the stipulated time period and there are no eligible employee for gratuity benefits.

8. Tax on Income

- i. Current year income tax expense is determined as the amount of tax payable in respect of taxable income for the year.
- ii. Deferred tax expense or benefit is recognized on timing differences attributable to the timing difference between the taxable income and accounting income that are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rate enacted or substantively enacted as at the date of balance sheet. Deferred tax assets are recognized subject to the matter of prudence to the extent that there is virtual certainty that sufficient further taxable income will be available to realize these assets.

9. Contingent Liabilities

Contingent liabilities are not provided for, but wherever applicable are disclosed by way of the Financial Statement

10. Earnings per Share

Basic earnings per share is computed by dividing the Net Profit/Loss for the period by weighted number of Equity shares outstanding during the period.

11. Segment Disclosures

(c) Business Segment

The company has considered business of steels as the primary segment for disclosure.



(d) Geographical Segment

The company has exported during the year however its operations are within the threshold limits stipulated under AS-17 and it does not require disclosure as a separate segment.

12. Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the company estimates their recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is adjusted to the amount of recoverable amount.

13. Transactions in Foreign exchange

Transactions in Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign exchange transaction settled during the year are recognized in the Profit and Loss account of the year. Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognized in Profit and Loss Account.

G. INFORMATION AS PER SCHEDULE VIII PART A SECTION IX (E) (5) OF THE ICDR REGULATIONS

1. Unusual or infrequent events or transactions

Other than as stated in the section titled “*Auditors report*” beginning on page 137 of this Draft Red Herring Prospectus, there have been no unusual or infrequent transactions that have taken place during the last three years.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned under section titled “*Risk Factors*” and “*Key factors affecting the results of operation*” in “*Management’s Discussion and Analysis of Financial Condition & Results of Operations as reflected in the Financial Statements*” and on pages 11 and 160 of this Draft Red Herring Prospectus, we do not believe that there are any other significant economic changes that materially affect or are likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in this DRHP, particularly in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 11, 90 and 160, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

4. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Changes in revenues during the last five fiscal years are explained in “*Management’s Discussion and Analysis of Financial Condition & Results of Operations*” under the subsections “*Comparison of the financial performance of FY 2010 with FY 2009*”, “*Comparison of the financial performance of FY 2009 with FY 2008*”, “*Comparison of the financial performance of FY 2008 with FY 2007*”, “*Comparison of the financial performance of FY 2007 with FY 2006*” under the respective paragraphs titled “*Sales*”.

5. Total turnover of each major industry segment in which the issuer company operates.



We operate in only one major sector i.e. Stainless Steel Pipes and Tubes. Hence, our total turnover is from one segment.

6. Status of any publicly announced new products or business segment.

Please refer to the section titled “*Our Business*” beginning on page 90 of this Draft Red Herring Prospectus.

7. The extent to which the business is seasonal.

Our business is not seasonal in nature.

8. Competitive Conditions

Companies in their initial stages of development present substantial business and financial risks and may present a comparatively higher investment risk. We have started our business in 2006-07 and as a result of our short operating history; we may not be able to command the goodwill and trust of market intermediaries, corporate buyers, and other regulatory bodies as compared to other existing players such as Jindal Group, Suraj Stainless, Ratnamani Metals and Tubes etc. Also, we would not have the corporate experience and acumen that existing firms having more experience in this field possess and may not be able to react to market trends and cycles as efficiently as them.

However, it is important to note that in a short span of only 3 years we have been successful in obtaining various third party certifications and vendor registrations from renowned companies such as Tata Projects, GNFC, Nuclear Power Corporation of India, Bharat Heavy Plates and Tubes, East Coast Railway etc. Secondly, one of the clear advantages of various other large competitors is our lower debt position as compares to the remaining companies in our industry.



FINANCIAL INDEBTEDNESS

A. Following are the details regarding Credit Facilities sanctioned and outstanding as on June 30, 2010:

Name of Bank	Nature of Loan	Sanction Limit	Outstanding as on 30.06.2010	Installment amount/ Repayment schedule	Rate of Interest	Security
<u>Term Loans</u>						
Bank of Baroda (Baroda)	Term Loan – I (Plant and Machinery)	69.00	37.99	60 monthly installments of Rs. 1.92 Lacs each commencing after 6 months from the date of the disbursement. (Installment started from March, 2007. Installment paid 23 till Feb. 2009. Remaining installment 37)	At 4.50% over BPLR i.e. 12.50% p.a. with monthly rests. (Concessional interest rate) subject to an option to reset annually	<ol style="list-style-type: none"> 1) D.P Note signed by the company under Common Seal. 2) Letter of Installment 3) Letter of authority for direct payment to Indian Overseas Bank 4) Composite Hypothecation Agreement 17 (B) (Hypothecation of Plant and Machineries, Crane, Laboratory equipment, Dies, and Tools and other misc. fixed assets. 5) Personal Guarantee of <ul style="list-style-type: none"> • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
Bank of Baroda (Baroda)	Term Loan – II (Wind Mill))	210.00	160.35	Quarterly installments of Rs.10.29 Lacs each commencing after 6 months from the date of disbursement. (Installments started from September, 2007. Total installment paid 7 to IOB, up to February 2009, remaining installments 21 to us.)	At 4.50% over BPLR i.e. 12.50% p.a. with monthly rests subject to an option to rest annually	<ol style="list-style-type: none"> 1) D.P Note signed by the company under Common Seal. 2) Letter of Installment 3) Letter of authority for direct payment to supplier/dealer/Indian Overseas bank. 4) Hypothecation of wind mill plant and machineries. 5) Personal Guarantee of <ul style="list-style-type: none"> • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
Bank of Baroda (Baroda)	Term Loan – III	625.00	505.37	28 Quarterly installments of Rs. 25 Lacs each commencing after 6 months from the date	At 4.50% over BPLR i.e. 12.50% p.a. with monthly rests subject to an option to rest annually	<ol style="list-style-type: none"> 1) D.P Note signed by the company under Common Seal. 2) Letter of Installment 3) Letter of authority for direct payment to supplier/dealer 4) Hypothecation of



				of the disbursement. (Installment started from June, 2008. Total installment paid 3 to IOB. Remaining installments to be paid 21 to us.)		imported/indigenous machinery. 5) Personal Guarantee of <ul style="list-style-type: none"> • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
HDFC Bank	Vehicle Loan	3.00	0.82	36 monthly installments commencing from April, 2008	10.07	Hypothecation of the Vehicle
TATA Motor Finance	Vehicle Loan	9.50	8.55	36 monthly installments commencing from March, 2010	9.60	Hypothecation of the Vehicle
<u>Working Capital Facilities</u>						
Bank of Baroda (Baroda)*	Cash Credit	2000.00	2099.49	Cash Credit on Demand	BPLR + 4.00 % i.e. 12% p.a with monthly rests (Concessional interest rate)	<u>Primary Security</u> 1. LDOC-4;D.P. Note for private/public limited company 2. Hypothecation agreement for stock and book debt. 3. LDOC-7- Letter of continuing security. 4. LDOC-86- Power of attorney in respect of book-debts facility (duly notarized) 5. LDOC-51- Letter of undertaking (in respect of book debts) 6. LDOC-136-General Undertaking 7. LDOC-134-136A-CIBIL Declaration's cum undertaking cum authority annexure <u>Collateral Securities</u> Extension of charge over fixed assets i.e. Land and Building and Plant and Machineries. <u>Personal Guarantees as Under</u> <ul style="list-style-type: none"> • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
Total			2812.57			

Our Company had availed of certain non-fund based facilities which consist of letters of credit, bank guarantees, etc. As of March 31, 2010, our Company had availed/drawn down an aggregate Rs. 722.02 Lacs



against the Rs. 800.00 Lacs sanctioned by Bank of Baroda. There is a 10% cash margin for availing this limit and the bank charges a commission of upto 75% of bank's normal charges which are either charged monthly or annually upfront at the beginning of the year. These facilities are secured by hypothecation of current and fixed assets of our Company.

B. Following are the details of limits that have been renewed / newly sanctioned after June 30, 2010:

Name of Bank	Nature of Loan	Sanction Limit	Outstanding as on 30.06.2010	Installment amount/ Repayment schedule	Rate of Interest	Security
Term Loans						
Bank of Baroda (Baroda)	Term Loan – I (Plant and Machinery)	38.00	37.99	60 monthly installments of Rs. 1.91 Lacs having started from March, 2007	Base Rate i.e. 8.00% + 4.50% p.a., with monthly rests.	1) D.P Note signed by the company under Common Seal. 2) Letter of Installment 3) Composite Hypothecation Agreement 17 (B) (Hypothecation of Plant and Machineries, Crane, Laboratory equipment, Dies, and Tools and other misc. fixed assets. 4) Personal Guarantee of • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
Bank of Baroda (Baroda)	Term Loan – II (Wind Mill))	163.00	160.35	28 quarterly installments of Rs. 1.02 Lacs having started from September, 2007	Base Rate i.e. 8.00% + 4.50% p.a., with monthly rests.	5) D.P Note signed by the company under Common Seal. 6) Letter of Installment 7) Hypothecation of wind mill plant and machineries. 8) Personal Guarantee of • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
Bank of Baroda (Baroda)	Term Loan – III	500.00	505.37	28 quarterly installments of Rs. 25 Lacs having started from June, 2008	Base Rate i.e. 8.00% + 4.50% p.a., with monthly rests.	1) D.P Note signed by the company under Common Seal. 2) Letter of Installment 3) Hypothecation of imported/indigenous machinery. 4) Personal Guarantee of • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali



Allahabad Bank (Baroda)	Term Loan (New Project)	2800.00	0.00	66 monthly installments of Rs. 43 Lacs after expiry of 18 months from the date of first withdrawal.	Base Rate i.e. 8.50 % + 3.50% = 12.00% p.a.	<p>Primary Security Hypothecation of factory building, all plant & machinery and all other movable assets of the company both present and future, on pari passu basis with Bank of Baroda.</p> <p>Collateral 1) Factory land at plot no. 873 A&B situated Nr. GIDC Por, District Baroda in the name of company having market value of Rs.15.07 crores. (Existing Securities with BoB)</p> <p>2. Factory shed at plot no. 196 at Por, Baroda, in the name of company having market value of Rs.0.30 crores. (Existing Securities with BoB)</p> <p>3. Office premises at 102 Avanti Chambers, RC Dutta Road, Alkapuri standing in the name of Mr. Rameshkumar S. Bhansali having market value of Rs.0.08 crores. (Existing Securities with BoB)</p> <p>4. Godown situated at Plot no.322 GIDC Estate, Por Baroda standing in the name of the company having market value of Rs.0.47 crores. (Existing Securities with BoB)</p> <p>5. Commercial Shop No.15, situated at Meghdoot Apartment, B/s. Apsara Talkies, Pratinapnagar Main Road Baroda standing in the name of Shri MahendraKumar S. Bhansali having the market value of Rs.0.30 crores (Existing</p>
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						<p>Securities with BoB)</p> <p>6. Pledge of shares of promoters equivalent to 30% of the paid up capital of the company. (Existing Securities with BoB)</p> <p>7. Pledge of FDR of Rs.20 Lacs. (Existing Securities with BoB)</p> <p>8. Lien on Recurring Deposits of Rs.5 Lacs. (Existing Securities with BoB)</p> <p>9. Residential Flat situated at 504, Krishna Tower, R.V. Desai Road, Pratapnagar Main Road Baroda standing in the name of Shri Mahendrakumar S. Bhansali having market value of Rs.0.20 crores (Fresh Security Offered).</p> <p>The above collaterals will be on pari passu basis with Bank of Baroda. Total Value of additional security: Rs.16.67 crore except shares. Our Share will be 45.17% i.e.: Rs. 7.53 crore.</p> <p><u>Personal Guarantees as Under</u></p> <ul style="list-style-type: none"> • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
SBI (Baroda)	Term Loan	3500.00	0.00	* Refer Annex I	Base Rate i.e. 7.6 % + 5.00 % = 12.6 p.a.	<p>Primary Security:</p> <ul style="list-style-type: none"> • Pari-Passu 1st charge on company's entire fixed assets acquired out of Bank finance including equitable mortgage over land & building at plot no. 873A & 873B, revenue survey



						<p>no. 720, 722 & 730 situated at Por, Ramangamdi, N.H.No. 8, Vadodara with other consortium members.</p> <ul style="list-style-type: none">• Pari-Passu 1st charge on the entire current assets of the company with other consortium members. <p><u>Collateral Security:</u></p> <ul style="list-style-type: none">• Pari-Passu second charge over entire fixed assets of the company (present & proposed).• Pari-Passu 1st charge over Factory shed at plot no. 196, at Por, Vadodara admeasuring 956 Sq. mtrs. in the name of the company.• Pari-Passu 1st Charge on Office premises at 102, Avanti Chambers admeasuring 28.43 sq. mtrs, R C Dutta Road, Alkapuri standing in the name of Mr. Rameshkumar Bhansali.• Pari-Passu 1st Charge over Godown situated at plot no. 322 (1595.95 sq. mtrs.) GIDC Estate, Por Baroda standing in the name of the company.• Pari-Passu 1st charge over Commercial shop No. 15 (360 sq. ft) situated at Meghdoot Apartment, B/s. Apsara talkies, Pratapnagar Main Road, Baroda standing in the name of Mahendra Bhansali.• Pari-Passu 1st charge over Residential flat
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						<p>situated at 504, Rs. No. 268/1 Krishna Tower, R.V. Desai Road, Pratapnagar Main Road, Baroda standing in the name of Mahendra Bhansali</p> <ul style="list-style-type: none"> • Pari-Passu 1st charge over pledge of shares of promoters' equivalent to 30% of the paid up capital of the company. • Pari-Passu 1st charge over pledge of company's FDR of Rs. 20.00 lacs. • Pari-Passu 1st charge on Company's recurring deposits of Rs. 5.00 lacs. <p>Personal Guarantee:</p> <ul style="list-style-type: none"> • Mahendra Bhansali • Himanshu Sharma • Rameshkumar Doshi • Ramesh Bhansali
BMW Finance	Vehicle Loan	36.00	35.12	36 monthly installments commencing from November, 2010	8.75	Hypothecation of the Vehicle
Working Capital Facilities						
Bank of Baroda (Baroda)*	Cash Credit	2250.00	2099.49	Cash Credit on Demand	Base Rate i.e. 8.00%+ 4.00% = 12.00 % p.a., with monthly rests.	<p>Primary Security</p> <ol style="list-style-type: none"> 1. LDOC-4;D.P. Note for private/public limited company 2. Hypothecation agreement for stock and book debt. 3. LDOC-7- Letter of continuing security. 4. LDOC-86- Power of attorney in respect of book-debts facility (duly notarized) 5. LDOC-51- Letter of undertaking (in respect of book debts) 6. LDOC-136-General Undertaking 7. LDOC-134-136A-CIBIL Declaration's cum undertaking cum



						<p>authority annexure –ii</p> <p><u>Collateral Securities</u> Extension of charge over fixed assets i.e. Land and Building and Plant and Machineries.</p> <p>Personal Guarantee of</p> <p><u>Collateral</u> 1) Factory Land & Building Survey No. 185, village, Madhwas, Taluka: Kalol, Dist: Panchmahals - adjacent to the existing factory land and Building.</p> <p><u>Personal Guarantees as Under</u></p> <ul style="list-style-type: none"> • Mr. Mahendra Bhansali • Mr. Ramesh Bhansali • Mr. Suratmalji Bhansali
Allahabad Bank (Baroda)	Cash Credit	250.00	0.00	Cash Credit on Demand	Base Rate i.e. 8.50 % + 3.50% = 12.00% p.a.	Hypothecation of entire current assets of the company, both present and future, on pari passu basis with Bank of Baroda
SBI (Baroda)	Cash Credit	1500.00	0.00	Cash Credit on Demand	Base Rate i.e. 7.6 % + 5.00 % = 12.6 p.a.	<p><u>Primary Security:</u></p> <ul style="list-style-type: none"> • Pari-Passu 1st charge on company's entire fixed assets acquired out of Bank finance including equitable mortgage over land & building at plot no. 873A & 873B, revenue survey no. 720, 722 & 730 situated at Por, Ramangamdi, N.H.No. 8, Vadodara with other consortium members. • Pari-Passu 1st charge on the entire current assets of the company with other consortium members. <p><u>Collateral Security:</u></p> <ul style="list-style-type: none"> • Pari-Passu second



						<p>charge over entire fixed assets of the company (present & proposed).</p> <ul style="list-style-type: none">• Pari-Passu 1st charge over Factory shed at plot no. 196, at GIDC Por, Vadodara admeasuring 956 Sq. mtrs. in the name of the company.• Pari-Passu 1st Charge on Office premises at 102 Avanti Chambers admeasuring 28.43 sq. mtrs, R C Dutta Road, Alkapuri standing in the name of Mr. Rameshkumar Bhansali.• Pari-Passu 1st Charge over Godown situated at plot no. 322 (1595.95 sq. mtrs.) GIDC Estate, Por Baroda standing in the name of the company.• Pari-Passu 1st charge over Commercial shop No. 15 (360 sq. ft) situated at Meghdoot Apartment, B/s. Apsara talkies, Pratapnagar Main Road, Baroda standing in the name of Mahendra Bhansali.• Pari-Passu 1st charge over Residential flat situated at 504, Rs. No. 268/1 Krishna Tower, R.V. Desai Road, Pratapnagar Main Road, Baroda standing in the name of Mahendra Bhansali• Pari-Passu 1st charge over pledge of shares of promoters' equivalent to 30% of the paid up capital of
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						<p>the company.</p> <ul style="list-style-type: none"> • Pari-Passu 1st charge over pledge of company's FDR of Rs. 20.00 lacs. • Pari-Passu 1st charge on Company's recurring deposits of Rs. 5.00 lacs. <p>Personal Guarantee:</p> <ul style="list-style-type: none"> • Mahendra Bhansali • Himanshu Sharma • Rameshkumar Doshi • Ramesh Bhansali
Total			2838.32			

These sanctions include certain non-fund based facilities which consist of letters of credit, bank guarantees, etc aggregating to Rs. 800.00 Lacs from Bank of Baroda and Rs. 1920.00 Lacs from State Bank of India respectively.

There is a 10% cash margin for availing this limit and the bank charges a commission of upto 75% of bank's normal charges which are either charged monthly or annually upfront at the beginning of the year. These facilities are secured by hypothecation of current and fixed assets of our Company.

*** Annexure I:**

Repayment schedule of SBI Facility:

Year	Frequency	No.	Amount of each installment (Rs. In crores)	Total in one year (Rs. In crores)
2011-12	Monthly	7	0.40	2.80
2012-13	Monthly	12	0.40	4.80
2013-14	Monthly	12	0.45	5.40
2014-15	Monthly	12	0.55	6.60
2015-16	Monthly	12	0.65	7.80
2016-17	Monthly	8/1	0.80 / 1.20	7.60
Total				35.00



SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS & OTHER DISCLOSURES

A. Contingent Liabilities not Provided for:

The contingent liabilities not provided for as on June 30, 2010 are as follows:

Particulars	Amount (Rs. in Lakhs)
Letters of Credit issued by Bank Outstanding	500.88
Bank Guarantees	19.38

B. Outstanding Litigations Involving Modern Tube Industries Limited:

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

Particulars	No. of Cases	Financial Implications (to the extent quantifiable) (Rs. Lacs)
Civil Cases filed against the Company	2	1.5
Civil Cases initiated by the Company	1	18.70

1. Cases against the Company

i. Regular Civil Suit No. 725/2010 initiated by Mr. Kiran Chimmanbhai Upadhyay in the Court of Civil Judge (S.D) at Vadodara Easement right of way and permanent injunction.

The company received a Court Notice from the Court of Civil Judge (S.D.), Vadodara for Civil suit No. 725 / 2010 filed by Mr. Kiran Chimmanbhai Upadhyay (plaintiff), through his Power of Attorney holder, Mr. Rakeshbhai Natvarbhai Upadhyay, a resident of Vadodara city, against Pison Infrastructure Equipments Pvt. Ltd. (Defendant No. 1) Modern Tube Industries Ltd (Defendant No. 2) & Gujarat Industrial Development Corporation (Defendant No. 3) for the Easement Right from Company's Land Block No. 871 and for the permanent injunction. The plaintiff is the owner of neighboring plot no. 447 situated at Village Por, GIDC, Vadodara and is claiming his easement right for way over our land.

This suit is still pending before the court.

ii. Special Summary suit No. 138 / 2010 was initiated by m/s Gayatri Timber Mart through its proprietor Mr. Jethabhai Harjibhai Patel for the recovery of Rs. 1,00,397/-

The company received a Court Notice from the Court of Civil Judge (S.D) at Vadodara, for the Summary Suit No. 138 / 2010 filed by the M/s. Gayatri Timber Mart through its proprietor Mr. Jethabhai Harjibhai Patel for the recovery of Rs. 1,00,397 /-. The company (respondent) had purchased the wooden box from the M/s. Gayatri Timber (Petitioner) in the year 2008. That the petitioner is demanding the due amount of Rs. 1,00,397 towards the due amount for such purchased wooden box from the respondent and filed the summary suit to recover the amount of Rs. 1,00,397/-.

This suit is still pending before the court.



2. Cases initiated by the Company:

i. Special Summary suit No. 100/2010 initiated by the company against J.M.C. Engineers for the recovery of amount Rs. 18,69,718/-

The Company has filed a complaint under Order-37, Rule 1 & 2 of Civil Procedure Code 1908 against M/s. JMC Engineers for recovery of sales amount. After duly receiving purchase orders from M/s. JMC Engineers the company had delivered the goods according to purchase order wide bill No. 1173 on date 6-10-2008 and bill No. 1181 dated 10-11-2008, and bill no. 1182 dated 10-11-2008 of total amount 18,69,718/-. The defendant was liable to pay the price of the goods within 30 days of its delivery but they failed to make the required payments to the company (plaintiff). Hence, the company filed the summary suit against the defendant to recover the amount of Rs. 18,69,718/- due to them. This matter is pending for final disposal.

C. Outstanding litigations involving our Directors

There are no civil or criminal suits or complaints pending against any of the directors of the Company.

D. Outstanding litigations involving our Promoters and Promoter Group Entities

There are no civil or criminal suits or complaints pending against any of the Promoters of the Company.

E. Material Developments and Other Disclosures

Following are the material developments w.r.t outstanding litigations with have taken shape after June 30, 2010:

a. ITAT Appeal No. 405 / Ahd / 09, A.Y. 2005-06 was settled and dispute with I.T. Department was resolved.

In the assessment for the year 2007-2008, the Income Tax department raised some queries regarding the company's debtors, creditors and other expenses. The Income Tax department did not accepted the figure mentioned in Company's books of account and consequently, the Income Tax Officer, Ward.4(1), Baroda on date 30/12/2009, issued a Notice of Demand under section 156 of the Income-tax Act, 1961 for the payment of Rs. 3,07,49,012/- for the assessment year 2007-08.

However, against this notice, the Company did not accept the demand for payment and filed an Appeal before the Office of the Commissioner of Income Tax (Appeals) - III, Baroda under Part-A of Chapter XX of the Income-tax Act, 1961. The Appeal number for the same is CAB/(A)III-151/09-10.

The said counter - appeal was disposed by the appellate authority on 18-08-2010 and the said Appeal was partly allowed. Following is a summary of the main Order pronounced by the Commissioner of Income Tax (Appellate Authority).

There are main four grounds of appeals separately decided by The Commissioner of Income Tax which are as follows:

i. First Ground:

Unexplained credit of unsecured loans, share application money and share capital of Director, Shri Mahendra S. Bhansali to the extent of Rs. 2,35,04,722/-.

The First Ground of appeal was partly allowed and the CIT Appellate Authority directed the deletion of share application money to the tune of Rs. 1,66,23,429/- as well as unsecured loan to the tune of Rs. 58,31,293 to the id. AO. And the addition of cash investment in shares of Rs. 10,50,000/- made by Id. AO under section 68 of the I.T.Act,1961 is confirmed.



ii. Second Ground:

Lump sum disallowance @ 25% out of claim of payments made to Modern Tube Industries u/s 40A(2)(b) to the extent of Rs. 47,18,990/-

The Second Ground of appeal was allowed and the CIT Appellate Authority directed the addition of Rs. 47,18,990/- is to be deleted from the books of accounts.

iii. Third Ground:

Disallowance on account of violation of provision of section 40(a)(i) to the extent of Rs. 21,31,332/-

The Third Ground of appeal was partly allowed and the CIT Appellate Authority declared the finding of AO in the remand report as to violation of the provision of section 40(a)(i) in respect of Rs. 2,56,318/- was absolute, clear and unambiguous and hence the addition to that extent was confirmed.

iv. Fourth Ground:

Additional on account of violation of provision of section 40(a)(i) to the extent of Rs. 4,22,42,737/-

The Fourth ground of appeal was partly allowed and the CIT Appellate Authority declared the addition of Rs. 3,92,42,737/- to be deleted.

v. Fifth Ground:

Addition of Rs. 81,007/- on account of disallowance of depreciation.

The Fifth ground of appeal was dismissed.

The appeal is hence settled and there is no dispute or pending dues w.r.t to the same as on date of filing this Draft Red Herring Prospectus.



GOVERNMENT AND OTHER KEY APPROVALS

The Company received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, and no further approvals are required for carrying on the present business of the company.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable the Company to undertake its existing activities.

In view of the approvals/licenses listed below, our Company can undertake this Issue and our current business activities and no further major approvals/licenses from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as on the date of this Draft Red Herring Prospectus.

I. Incorporation Details

Certificate of Incorporation dated 19th July 2006 was issued to Modern Tube Industries Limited by the Registrar of Companies, Gujarat. The Corporate Identification Number issued there in was U27109GJ2006PLC048737.

Certificate for Commencement of Business dated 2nd August 2006 was issued to Modern Tube Industries Limited by the Registrar of Companies Gujarat.

II. Approvals in relation to the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors of the Company have, pursuant to resolutions passed at its meeting held on 20th July 2010 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to resolution dated 16th November 2010 under Section 81(1A) of the Companies Act, authorized the Issue.
3. The Company has obtained in-principle listing approvals dated [●] from the BSE.

III. Approvals from Lenders

Our company has received No Objection Certificate from Bank of Baroda and Allahabad Bank for raising equity through IPO wide letter no. CFS: BRD: 13: 804 dated 16/12/2010 and BRD / ADV / MTIL / 2010 dated 22/12/2010 respectively.

IV. Approvals for the Business

The Company requires various approvals to carry on its business in India. The approvals that we require include the following.

1. Approvals for the business / factory

- a) Factory license No. 600, Registration No. 28122, FIN B05000600A is issued on Dated 14th Jun 2008 by Joint Director of Industrial safety and Health, Baroda Region, Gujarat State had issued the License to work a factory for the premises Survey/Block No. 748, 749 & 873 of Village Por Taluka & District Vadodara, Gujarat, and is valid up to 31st December 2010.



- b) The Company has obtained approval lay out plan No. PLAN/VDR/2862 for the lay out plan for its factory premises situated on Survey/Block No. 748, 749, and 873 at Village Por Taluka & District Vadodara from Joint Director of Industrial Safety and Health (Vadodara region) Vadodara.
- c) Certificate No. TEN-D-WS-5581-2008 is issued on Dated 22nd January 2008 by The District Collector of Vadodara District regarding the bonafide industrial use of Company's land Block No. 873/A of Village Por of Taluka & District Vadodara, under section 63-aa of the Bombay Tenancy and Agricultural land Act-1946.
- d) Certificate No. TEN-A-WS-5322-2008 is issued on Dated 10th December 2008 by The District Collector of Vadodara District regarding the bonafide industrial use of Company's land Block No. 873/B of Village Por of Taluka & District Vadodara, under section 63-aa of the Bombay Tenancy and Agricultural land Act-1946.
- e) Certificate No. TEN-D-WS-5323-2008 is issued on Dated 10th December 2008 by The District Collector of Vadodara District regarding the bonafide industrial use of Company's land Block No. 748/A of Village Por of Taluka & District Vadodara, under section 63-aa of the Bombay Tenancy and Agricultural land Act-1946.
- f) The District Collector of Vadodara District has issued Certificate on dated 10th March 2010 regarding the bonafide industrial use of Company's land Block No. 871 of Village Por of Taluka & District Vadodara, under section 65-B of the Bombay Land Revenue Code 1879.
- g) Certificate No. TEN-D-WS-5324-2008 is issued on Dated 10th December 2008 by The District Collector of Vadodara District regarding the bonafide industrial use of Company's land Block No. 479/A of Village Por of Taluka & District Vadodara, under section 63-aa of the Bombay Tenancy and Agricultural land Act-1946.
- h) The consent And Authorization under the provision/rules of, The Water (Prevention and Control of pollution) Act-1974, The Air (Prevention and Control of Pollution) Act-1981 and The Hazardous Waste (Management, Handling and Transboundary Movement) Rules-2008 framed under the Environment Protection Act-1988 was obtained by the company from Gujarat Pollution Control Board for the use of outlet for the discharge of trade effluent and emission due to operation of industrial plant for manufacture of the following items/products on dated 21/05/2010, Consent order No. there in was AWH:37555.

Sr. No.	Product	Quantity
1	Stainless Steel Pipes/Tubes With Heat Treatment	200 MT/Month
2	Stainless Steel Pipes/Tubes Without Heat Treatment	200 MT/Month

- i) The company has obtained Amendment to Consent to establish plant via order No. GPCB/CE/NOC-VRD-2838/31409 on dated 30th January 2007 from Gujarat Pollution Control Board for consent to establish (CTE).
- j) The company is valid registered member of Nandesari Environment Control Ltd for common solid waste disposal facility developed by N.E.C.L.
- k) The company has obtained No Objection Certificate from the National Highways Authority of India on dated 12th May 2007 for the project site at Survey/Block No. 748 & 749 & 873/B of Village Por Taluka & District Vadodara.
- l) The Company has obtained Approval of the electrical lay out plan for HV Installation for HT Connection i.e. 11 KV Outdoor Switchyard with 1x750 KVA, 11 KV/433 V Transformer from Madhya Gujarat Vij Co. Ltd. on dated 3rd November 2007.



- m) The company has obtained Certificate issued by the Executive Engineer (O&M) of Madhya Gujarat Viji Co. Ltd., Sub division Office Jambuva, Vadodara-14, for the lighting meters installed to company for its Factory light and Office light wide consumer No. 13606 on dated 5th November 2008.
- n) The Company has obtained the Entrepreneurs Memorandum Number (Part-II) 24-019-12-00837 on Date 31/12/2007, and also got the Acknowledgment for Part-II from the DISTRICT INDUSTRIES CENTER, VADODARA for the Entrepreneurs' Memorandum For Setting up Micro, Small or Medium Enterprise, for the manufacture of following items.

Main Items Manufactured	Capacity per Annum
Manufacture of other basic iron & Steel Items	7200 MT

Details of Items Manufactured

Items Manufactured	Capacity per Annum	Initial date of production / commencement of service
S. S, Tubes & Pipes, Welded Pipes, Seamless Pipe	7200 MT	31/05/2006

The Company has obtained the ISO 9001:2008 certificate No. IND10.6426 on date 4/06/2010 from the Bureau Veritas Certification (India) Private Limited after due procedural auditing of the Company and after verifying in accordance with the requirements of the standards of ISO 9001:2008 for the scope of "Manufacture and dispatch of Stainless Steel, Carbon Steel Seamless/Welded Pipes, Tubes and U-Tubes. This Certificate is valid up to Date 03-06-2013.

2. Approvals obtained by the Company regarding Tax Registrations

Sr. No.	Particulars	Issuing Authority	Date of Issue	Valid Upto
1.	PAN No. AAECM7325D under the Income Tax Act, 1961	Income Tax Department	19-07-2006	Valid until cancelled
2.	TAN No. BRDM02675B under the Income Tax Act, 1961	Income Tax Department	05-03-2007	Valid until cancelled
3.	Service Tax Registration no. AAECM7325DST001	Office of the Assistant Commissioner, Service Tax Commissionerate	09-05-2007	Valid until cancelled
4.	VAT Certificate Registration No. 24191700618 issued under the Gujarat Value Added Tax Act, 2003	Government of Gujarat Commercial Taxes Department	06-10-2006	Valid until cancelled
5	Central Excise No. AAECM7325DXM002	CBEC	05-02-2008	Valid until cancelled
6	Certificate Registration No.- 24691700618 Central Sales Tax (Registration and Turnover)	Government of India,	06-10-2006	Valid until cancelled
7	IEC No. 3407000413 issued under the Importer-Exporter Act.	Government of India, Ministry of Commerce	18-4-2007	Valid until Cancelled



3. Labour Registrations

- (a) Employee Provident Fund allotment of Code No. GJ/BRD/65783 has been issued to the Company on Dated 28-05-2008 by the Officer of The Regional Provident Fund Commissioner-II, Sub Regional Office, Vadodara, Gujarat.
- (b) The company has obtained the License for 50 workers under the Sec. 12(2) of The Labor Contract (Regulation and Abolition) Act 1970, from the Labor contract License officer, District Vadodara, wide Contract Labor License No. ACI/BRD/CLL/6497/2010 on dated 8th June 2010 issued for M/s. Jolly Verghese (Labor contractor), valid upto date 3rd May 2011.
- (c) The company has obtained the License for 50 workers under the Sec. 12(2) of The Labor Contract (Regulation and Abolition) Act 1970, from the Labor contract License officer, District Vadodara, wide Contract Labor License No. ACI/BRD/CLL/6497/2010 on dated 8th June 2010 issued for M/s. Ishwarsinh H. Rajput (Labor contractor), valid upto date 3rd May 2011.
- (d) The company has obtained the License for 50 workers under the Sec. 12(2) of The Labor Contract (Regulation and Abolition) Act 1970, from the Labor contract License officer, District Vadodara, wide Contract Labor License No. ACI/BRD/CLL/6496/2010 on dated 8th June 2010 issued for M/s. Ganeshram D. Chaudhary (Labor contractor), valid upto date 3rd May 2011.

4. Intellectual Trade Mark

We have applied for registration of our company's logo and trademark (TM-1) under Class 6 of the Act, at the office of Registrar of the Trademark, Ahmedabad, Gujarat on 22/10/2010 and the application number is 2042488. The application is pending for approval.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated July 20, 2010

The shareholders have authorized the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on November 16, 2010

Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group, Group Entities or the person(s) in control of our Company and companies in control of our Company, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity our Directors are involved in as promoters or directors.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Prohibition by RBI

Neither the Company, nor the Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been declared as willful defaulters by the RBI or any other authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations, which states as follows:

26 (1) "An issuer may make an initial public offer, if:

(a) It has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent are held in monetary assets:

Provided that if more than fifty per cent of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilize such excess monetary assets in its business or project;

(b) It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years:

Provided that extraordinary items shall not be considered for calculating distributable profits;

(c) It has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;

(e) If it has changed its name within the last one year, at least fifty per cent. Of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."



The following table shows the net tangible assets, monetary assets, distributable profits and net worth for the past five financial years in accordance with Indian GAAP:

(Amount in lacs)

For the Financial year ending	As on three month ended 30-06-2010	As on 31-03-2010	As on 31-03-2009	As on 31-03-2008
Net tangible Asset	1556.08	1470.25	586.97	415.77
Monetary Assets	54.53	147.98	26.26	8.07
% of Monetary Assets to Net Tangible Assets	3.5%	10.06%	4.47%	1.94%
Distributable Profits	492.79	407.91	194.93	165.93
Net worth	1556.08	1470.25	586.97	415.77
5 Times of Networth	7780.40	7351.25	2934.85	2078.85

Explanation: For the purposes of this regulation:

(a) "Net Tangible assets" mean the sum of all net assets excluding intangible assets (as specified by the AS-26 issued by ICAI)

(b) "Monetary Assets" mean Cash on hand and Balances with Scheduled Banks and Fixed Deposits with Scheduled Banks.

We are an unlisted company complying with the conditions specified in Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as shown above and are hence eligible for the issue.

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be allotted under the Offer shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company became liable to repay it (i.e., from the date of refusal or within 70 days from the date of Bid/Offer Closing Date, whichever is earlier), then our Company and every Director of a company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 23, 2010 WHICH READS AS FOLLOWS:



1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;
 - b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, REGULATIONS, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ICDR) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS).
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ICDR) REGULATIONS, 2009 WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CERTIFY THAT THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION AS DESCRIBED IN SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATIONS, 2009 ARE NOT APPLICABLE TO THE ISSUER.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.



9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/ LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

All legal requirements pertaining to the issue will be complied with at the time of filing of the prospectus with the ROC in terms of section 60B of the Companies act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the prospectus with the ROC in terms of sections 60 and 60B of the Companies act.

The filing of the offer document does not, however, absolve the issuer from any liabilities under section 63 or section 68 of the companies act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in offer document."

Disclaimer from the Company and the BRLM



Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the MoU entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither we nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Disclaimer in respect of jurisdiction

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Gujarat, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.



Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The BSE has given vide its letter dated [●], permission to the Issuer to use the Exchange's name in this Draft Red Herring Prospectus as one of the stock exchange on which this Company's securities are proposed to be listed. The BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever".

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Western Regional Office, Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380 009.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60 of the Act, would be delivered for registration to the Registrar of Companies at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad - 380013

Listing

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the BSE. Initial listing application shall be made to the BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchange, the Company 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 8 days after the day from which the Issuer becomes liable to repay it then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 12 working days of the Bid/Issue Closing Date.

Consents

The written consents of the Promoters, the Directors, the Company Secretary and Compliance Officer, the Auditor, the Legal Advisor, the Book Running Lead Manager to the Issue, the Registrar to the Issue, the Bankers to the Company to act in their respective capacities, have been obtained and will be filed along with



a copy of the Red Herring Prospectus for registration with the RoC as is required under Section 60 and 60B of the Companies Act.

M/s. Janardan Tamboli & Co., Statutory Auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of filing of this Prospectus with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for the inclusion of their report in the form and content in which it will appear in the Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Prospectus and the Draft Red Herring Prospectus with the Registrar of Companies and Designated Stock Exchange respectively.

Expert Opinion

Except as disclosed in the sections titled “General Information”, “Auditors report” and “Other Regulatory and Statutory Disclosures” beginning on page 35, 137 and 188 respectively of this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

“Any person who-

(a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or

(b) Otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Expenses of the Issue

The expenses of the Issue payable by our Company inclusive of brokerage, fees payable to the Book Running Lead Manager to the Issue, Registrar to the Issue, Legal Advisor, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses are estimated as follows:

Details of fees payable:

Activity	(Rs. in lacs)	% of Issue Expenses	% of Issue Size
Management Fees, Underwriting Commission and Brokerage	[●]	[●]	[●]
Marketing, Advertisement & Publicity Expenses	[●]	[●]	[●]
Printing & Stationery, Postage & Dispatch	[●]	[●]	[●]
Total	[●]	[●]	[●]

Will be completed after the finalization of the Issue Price

Fees payable to the Book Running Lead Manager



The total fees payable to the Book Running Lead Manager will be as per the MoU signed between the Company and the Book Running Lead Manager, a copy of which is available for inspection at the Registered Office of our Company.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with between the Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Others

The total fees payable to the Legal Advisor, Auditor and tax auditor will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission

The expenses on underwriting, selling, brokerage etc shall be determined later.

Previous public or rights issues

Our Company has not made any public or rights issue since its inception.

Previous issues of shares otherwise than for cash

Except as stated in the section titled “Capital Structure” on page 43 of this Draft Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Commission or brokerage on previous issues

Our Company has not made any public or rights issue since its inception.

Companies under the same management

No company under the same management (within the meaning of section 370(1) (B) of the Companies Act) as us has made any capital issue during the last three years.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures or has made any bond issue.

Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1) (b) of the Companies Act which made any capital issue during the last three years



There are no listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act that made any capital issue during the last three years.

Promises Vs Performance

Our Company has not made any public issue since its inception. None of our group companies have made any public issue since their respective dates of inception.

Option to Subscribe

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

The MoU between the Registrar to this Issue and our Company entered on November, 12th, 2010 will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be ten business days from the date of receipt of the complaint. In case of non routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Yogesh Bhatt as Company Secretary and Compliance Officer and he may be contacted at Modern Tube Industries Limited, Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No.8, Dist-Vadodara 391 243, Gujarat, India. Tel No: +91-265-2831810, Fax No: +91-265 2831811, Email: cs@moderntubes.com for redressal of any complaints.

Disposal of investor grievance by listed companies under the same management

There is no listed company under the same management of the Company.

Tax Implications

Investors those are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchange. For details, please refer to the section titled "Statement of Tax Benefits" beginning on page 71 of the Draft Red Herring Prospectus.

Changes in the Auditors during last three years and reasons thereof

Our current statutory auditor M/s. Janardan Tamboli & Co. was appointed vide a special resolution on March 1st, 2010 in place of M/s. Shah & Bhandari, Chartered Accountants who could not continue their services. Except as mentioned herein, there has been no other change in the auditors during the last three years.



For the purpose of our IPO, on 18/08/2010, we have appointed M/s. Vikas A. Manohar, Chartered Accountants, for re-auditing the financial figures for last one year and stub period for six months ended June 2010. The same auditor shall also be preparing the Restated Financials for the purpose of the IPO. This Auditor has been appointed and approved by the Board of the company vide Board Resolution passed at the Board Meeting of the company held on Date 18/08/2010.

Capitalization of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last three years, except as stated in the section titled "Capital Structure" on page 43 of this Draft Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets in the last three years.

Purchase of Property

Other than as disclosed in this Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated elsewhere in this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made there under.

Servicing Behavior

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Payment or benefit to officers of Our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.



SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, and the Prospectus, Application Form, including the ASBA form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. In addition the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchange, RBI, Registrar of Companies, FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated July 20, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on November 16, 2010.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 1956 and our Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see "Main Provisions of the Articles of Association of our Company" on page 238 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act, 1956.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting powers, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offers for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation.



- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchange, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of the Articles of Association of the Company" on page 238 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [•] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Gujarat.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- ✓ To register himself or herself as the holder of the Equity Shares; or
- ✓ To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the offer through this offer document on the date of closure of the Issue, or if the subscription level falls below 90% after the closure of the issue on account of



cheques having returned unpaid or withdrawal of Bids, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See “Main Provisions of our Articles of Association of our Company” on page 238 of this Draft Red Herring Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.



ISSUE STRUCTURE

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. 6500 LACS (“HEREIN AFTER REFERRED TO AS “THE ISSUE”) BY MODERN TUBE INDUSTRIES LIMITED (HEREINAFTER REFERRED TO AS “MTIL” OR THE “COMPANY” OF THE “ISSUER”).

THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.

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

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH.

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

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

Particulars	QIB's	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	Minimum of [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retails Individual Bidders.	Minimum of [●] Equity Shares or Ne Issue less allocation to QIB Bidders and Non- Institutional Bidders
Percentage of Issue Size Available for Allocation**	Not more than 50% of the Net Issue or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders with 5% compulsory allocation to mutual funds.	Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid#	Such number of Equity Shares that the Bid Amount exceeds Rs. 2, 00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter	[●] Equity shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceed Rs. 2,00,000
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One	One	One



Who can apply***	(i) a mutual fund, venture capital fund registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a state industrial development corporation; (vi) an insurance company registered with the Insurance Regulatory and Development Authority; (vii) a provident fund with minimum corpus of twenty five crore rupees; (viii) a pension fund with minimum corpus of twenty five crore rupees; (ix) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (x) insurance funds set up and managed by army, navy or air force of the Union of India;	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 2,00,000 in value.
Terms of Payment	Margin Money applicable to QIB's at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	Full Bid amount on Bidding including that of anchor investor#	Full Bid amount on Bidding	Full Bid amount on Bidding

* Subject to valid bids being received at or above the Issue Price.

*Our Company is considering a Pre-IPO Placement of upto 10,00,000 Equity Shares and aggregating upto Rs. [●] Lacs with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue



will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.

**Under-subscription, if any, in any category would be met with spillover from other categories at the sole discretion of the Company, in consultation with the BRLM.

*** In case the bid cum application form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the bid cum application form.

Our Company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the SEBI (ICDR) Regulations, 2009. At least one-third of the Anchor Investor Portion shall be available for allocation to Domestic Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors.

Under subscription, if any, in any Category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over-subscription in the Issue, allotment to Bidders in all categories (except Anchor Investor Portion) shall be on a proportionate basis.



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers (“QIB”) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above issue price.

THE ASBA PROCESS

Supplementary process of applying in public issues through Bid cum Applications Supported by Blocked Amount for certain eligible Investors, who qualify as ASBA Investors

Who can Bid as an ASBA Investor?

Any Investor who is:

- is bidding at cut-off, with single option as to the number of shares bid for;
- is applying through blocking of funds in a bank account with the SCSB;
- has agreed not to revise his/her bid;
- is not bidding under any of the reserved categories

Bid-cum-ASBA Form

- An ASBA Investor shall only use a Physical Bid-cum-Application form Supported by Blocked Amounts (“Physical Bid Cum ASBA Form”) or Electronic Bid-cum-Application form Supported by Blocked Amounts (“Electronic Bid Cum ASBA Form”) and collectively (“Bid Cum ASBA Form”) available with the SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches (“DB”) of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor.
- SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI’s list of SCSBs displayed on its website at www.sebi.gov.in. Bid-cum-ASBA forms can be accepted only by SCSBs.
- A SCSB shall identify its DB’s at which an ASBA investor shall submit the bid-cum-ASBA forms and shall also identify the CB which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and BRLM. The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it. The ASBA investor should ensure that it has a Savings Account with the DB, to be eligible for making an application through ASBA. The Investor should check the SEBI website, www.sebi.gov.in, for details of the DBs. A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB, along with the Electronic Bid Cum ASBA Form, so as to enable an ASBA Investor to confirm that he/she has read and understood the terms and conditions of the Abridged Prospectus, before applying in the Issue. Bid-cum-ASBA Form
- The prescribed colour of Physical Bid-cum-ASBA Form is Green. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and Bid cum ASBA Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Bid cum ASBA Form and that the same are made available on the websites of the SCSBs, Stock Exchange(s), BRLM and Syndicate Members. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the



Bid cum ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the Bid-cum- ASBA Form in electronic form on the websites of the SCSBs. An ASBA Investor shall only use the Bid-cum-ASBA Form for making a Bid in terms of the Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained.

- The ASBA Investor shall have only one option as to the number of Equity Shares Bid for. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA. Investor held with the SCSB specified in the Bid-cum-ASBA Form, on the basis of an authorization to this effect given by the ASBA Investor and thereafter upload the Bid Cum ASBA in the electronic bidding system of the Stock Exchanges. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the Bid cum ASBA and shall not upload such Bids with the Stock Exchanges. Upon completing and submitting the Bid-cum-ASBA Form to a SCSB, either electronically or physically, as has been elaborated herein below, the ASBA Investor is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-ASBA Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Investor.

Method and Process of Bidding for ASBA Investors

- An ASBA Investor, shall submit a completed Bid –cum- ASBA Form to a SCSB, with whom the bank account to be blocked, is maintained, by either submitting the Bid-cum-ASBA Form physically with the Designated Branches of the SCSB or submit the Bid-cum-ASBA Form electronically through the internet banking facility offered by the SCSB. In case of an electronic upload of the Bid-cum-ASBA Form, the ASBA Investor himself shall fill in all the above mentioned details, except the application number which shall be system generated.
- The SCSB shall give an acknowledgement specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.
- After accepting an ASBA, the SCSB shall block funds available in the bank account specified in the physical & electronic ASBA, to the extent of the application money specified in the ASBA; only thereafter the SCSB shall capture/upload the following details in the electronic bidding system provided by the Stock Exchanges:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and
 - Client identification No. of the Bidder's beneficiary account.
- In case of an electronic upload of the Bid-cum-ASBA Form, the SCSB shall thereafter upload all the Above mentioned details in the electronic bidding system provided by the Stock Exchange(s). The SCSB shall generate a Transaction Registration Slip/ order number, confirming upload of ASBA details in the electronic bidding system of the Stock Exchanges. The Transaction Registration Slip number shall be given to the ASBA investor as a proof of uploading the details of ASBA, only on demand.
- The SCSB shall also ensure that the amount blocked by it in the bank accounts specified in the Bid-cum-ASBA form shall be available at all times for giving to the Issuer at the time of finalization of allotment.



Mode of Payment

Upon submission of a Bid cum ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or Bid cum ASBA Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum ASBA Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the Bid-cum-ASBA Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or withdrawal of bids by ASBA Investor or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

In case of Bid-cum-ASBA Form, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

- it has received the ASBA in a physical or electronic form; and
- it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.

ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.



In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

The SCSB may reject the ASBA Bid upon receipt of Bid-cum-ASBA Form, if the ASBA Account maintained with the SCSB as mentioned in the Bid-cum-ASBA Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLM, the Company and the Designated Stock Exchange, based on the physical records of the Bid-cum-ASBA Form shall be final and binding on all concerned.

Issuance of Confirmation of Allocation Note

The dispatch of the CAN to an ASBA Investor shall be deemed to be a valid, binding and irrevocable contract for the ASBA Investor, whose funds shall thereafter be unblocked by the SCSB and shall be transferred to the ASBA Public Issue Account for the payment of the entire Issue Price for allocation for all the Equity Shares transferred to such ASBA Investor.

Terms of Payment and Payment into the Public Issue Account by the SCSB

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue Account on a date falling within 8 days from the Bid/Issue Closing Date as informed by the Book Running Lead Manager.

- Number of shares to be allotted against each valid ASBA
- Amount to be transferred from the relevant bank account to the ASBA Public Issue Account, for each valid ASBA
- The date by which the funds referred to in sub-para (2) above, shall be transferred to the ASBA Public Issue Account
- Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.



General Instructions

Do's:

- Check if you are eligible to Bid under ASBA process.
- Ensure that you use the Bid-cum-ASBA Form specified for the purposes of ASBA process.
- Read all the instructions carefully and complete the Bid-cum-ASBA Form (if the Bid is submitted in physical mode, the prescribed Bid-cum-ASBA Form is green in colour).
- Ensure that your Bid is at the Cut-off Price.
- Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
- Ensure that Bid-cum-ASBA Form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you have mentioned the correct bank account No. in the Bid-cum-ASBA Form.
- Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the Bid-cum- ASBA Form to the respective Designated Branch of the SCSB.
- Ensure that you have correctly checked the authorisation box in the Bid-cum-ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid-cum-ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
- Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your Bid-cum-ASBA Form.
- Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
- Ensure that the name(s) given in the Bid-cum-ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-ASBA Form.
- Ensure that the Demographic Details are updated, true and correct, in all respects

Don'ts:

- Do not submit an ASBA Bid if you are applying under any reserved category.
- Do not revise your Bid.
- Do not Bid for lower than the minimum Bid size.
- Do not Bid on another ASBA or Non- Bid-cum-ASBA Form after you have submitted a Bid to a Designated Branch of the SCSB.
- Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- Do not send your physical Bid-cum-ASBA Form by post; instead submit the same to a Designated Branch of the SCSB only.
- Do not fill up the Bid-cum-ASBA Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 2,00,000.
- Do not submit the GIR number instead of the PAN Number.
- Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.



Specific Instructions for ASBA Investors and grounds for rejection of Bids:

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an “ASBA Investor”, the Bid shall be rejected
- Check all the details entered into the Bid-cum-ASBA Form are correct. If the DP ID, Client ID or PAN furnished by the ASBA Investor in his Bid-cum-ASBA Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.
- The Registrar shall match the reconciled data with the depository’s database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository’s database, such Bid-cum-ASBA Form shall be rejected by the Registrar.
- Multiple applications by ASBA applicant with common PAN.
- Use of Bid-cum-application form other than Bid-cum-ASBA Forms (green in colour), meant only for ASBA Investor.
- Bids at any price levels other than “cut-off”.
- Bid for lower number of Equity Shares than minimum bid size.
- Bid-cum-ASBA Form not signed by the account holder in case the ASBA Bidder is not the account holder
- Insufficient funds in the bank account specified in the Bid-cum-ASBA Form
- Submission of Bid-cum-ASBA Form after the issue closure timing.
- Ensure that you have authorised the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA, transfer of funds to the ASBA Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling yourselves to receive shares on such transfer of funds, etc, failing which the Bid-cum-ASBA Form shall be rejected.
- Bid-cum-ASBA forms should bear the stamp of the Syndicate Member and / or Designated branch of SCSB. Bid-cum-ASBA forms which do not bear the stamp will be rejected.
- Ensure that you have authorised the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalisation of the basis of allotment and to transfer the requisite money to the ASBA Public Issue Account failing which the Bid-cum-ASBA Form shall be rejected.

Revision of Price Band

SCSB shall ensure that information about revision in the Bidding Period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA Investors.

Withdrawal of Bids

In case an ASBA investor wants to withdraw his / her Bid-cum-ASBA Form during the bidding period, he / she shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor wants to withdraw his / her Bid-cum-ASBA Form after the Bid/ Issue Closing Date, he / she shall submit the withdrawal request to the Registrar. The Registrar shall delete the withdrawn Bid from the bid file.



Other Information

- In case of failure or withdrawal of the Issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.
- The SCSB shall not accept any Bid-cum-ASBA Form after the closing time of acceptance of Bids on the last day of the Bidding period.

Unblocking of Funds

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue account within the timelines specified in the ASBA process:

- Number of shares to be allotted against each valid ASBA
- Amount to be transferred from the relevant bank account to the ASBA Public Issue account, for each valid ASBA
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the ASBA Public Issue account
- Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.
- SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his/her address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications is described in "Issue Procedure- Multiple Bids" beginning on page 204 of this Draft Red Herring Prospectus.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB.

Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the Bid-cum-ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:



- Allotment and transfer shall be made only in dematerialised form within 8 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 8 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 8 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to all Bidders. For details, see section "Issue Procedure- Price Discovery and Allocation" beginning on page 204 of this Draft Red Herring Prospectus.

Undertaking by our Company

In addition to our undertakings described under "Issue Procedure- Undertaking by our Company", with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.



ISSUE PROCEDURE (OTHER THAN ASBA BIDDERS)

Current process of applying through a Bid-cum-Application Form wherein a cheque is used as a mode of payment Bidders are required to submit their Bids through the Syndicate Members only. In case of QIB Bidders, our Company in consultation with BRLM may reject Bid procured by any or all members of the syndicate at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange.

Bid-cum-Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors*	Yellow

* Bid-cum-Application Forms for Anchor Investors shall be available at the Registered Office of our Company and BRLM. In accordance with SEBI ICDR Regulations, 2009, only QIBs can participate in the Anchor Investor Portion.

Who Can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies and corporate bodies registered under the applicable laws in India and authorized to invest in Equity shares;



- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
- Indian Mutual funds registered with SEBI;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- FIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- As permitted by the applicable laws, Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Eligible Non-residents including NRIs and FIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares.
- National Investment Fund set up by resolution F.No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India.

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of the BRLM and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

An eligible Bid shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds in Equity Shares:

- No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.



Bids by Eligible NRIs

Eligible NRI Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid cum Application Forms from Registered Office of our Company, members of the Syndicate or the Registrar to the Issue.
- Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).
- All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- No single FII can hold more than 10% of post-issue paid-up capital of our Company (i.e., 10% of [●] Equity Shares).
- In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts other than a sub-account which is a foreign corporate or foreign individual, the investment on behalf of each sub account shall not exceed 10% of total issued capital. In accordance with the foreign investment limits applicable to us, the total FII investment can go upto 100% of the Company's total paid-up capital.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements.
- An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered VCF and FVCI

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on foreign venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

The SEBI has issued a press release on 26 June, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing this Draft Red Herring Prospectus with the SEBI.

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three and in the same order as their Depository Participant details);



- Eligible NRIs for a Bid Amount of up to Rs. 2,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 2,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; Other Non Resident Bidders must bid for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid amount exceeds Rs. 2,00,000; for further details see "Maximum and Minimum Bid Size" at page 215 of this Draft Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

For Retail Bidders:

- The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 2,00,000.
- Bidders may note that the total Bid amount will be used to determine if a Bid is in the retail category or not, and not just the amount payable on Application.
- In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid amount does not exceed Rs. 2,00,000.
- In case the Bid amount is over Rs. 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of option to Bid at Cut-off price, the Bid would be considered for allocation under the Non Institutional Portion. The option to Bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders:

- The Bid must be for a minimum of such number of Equity Shares in multiples of [•] Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 2,00,000 and in multiples of [•] Equity Shares thereafter.
- A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB margin amount upon submission of the Bid.
- In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 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 the Price Band, the same would be considered for allocation under the Retail Portion in respect of the Bids by Non Institutional Bidders who are otherwise eligible for allocation under the Retail Portion. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Anchor Investor Portion

The Company may consider participation by Anchor Investor in the Net Issue for up to [●] Equity Shares in accordance with the applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category.

Anchor Investors shall be QIBs as defined in the SEBI (ICDR) Regulations, 2009. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 10 Crores and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day

Information for the Bidders

- Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a regional language (Gujarati) newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI (ICDR) Regulations, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The members of the syndicate shall accept bids from the Bidders during the bidding/ issue period in accordance with the terms of the syndicate agreement.
- The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum-Application Form to their potential investors. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the registered office of our Company or from the BRLM, or from a member of the Syndicate.
- Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.
- The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
- In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing details published in two national newspapers (one each in English and Hindi) and a regional language (Gujarati) newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Runner and at the terminals of the members of the Syndicate.



- We, in consultation with the BRLM, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of bidding

- The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One). Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 217 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 222 of this Draft Red Herring Prospectus.
- The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
- During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page 219 of this Draft Red Herring Prospectus.

Bids at different price levels and revision of Bids

- The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10/- each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).
- Our Company, in consultation with the BRLM, can revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
- Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and in regional language newspaper (Gujarati) with a wide circulation and also indicating the change on the relevant website of the BRLM, Company and the terminals of the members of the Syndicate.
- The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 2,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is not permitted for QIB or Non Institutional Bidders who bid for and such Bids from QIBs and Non Institutional Bidders shall be rejected.



- Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who bid at the Cut-off Price, such Bidders shall receive the refund of the excess amounts from the respective Refund Account.
- In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 2,00,000 if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 2,00,000, the Bid by retail Individual Bidder will be considered for allocation under the Non-Institutional portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders is deemed to have approved such revised Bid at Cut-off Price.
- In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
- In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs. 7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
- During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid cum Application Form.
- Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- The Bidder can make revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.



Instructions for completing the Bid-cum-Application Form

- Application shall be made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and non-residents applying on a non-repatriation basis; blue colour for the Eligible NRIs, FIIs applying on a repatriation basis).
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form.
- The Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, subject to a maximum Bid Amount of Rs. 100,000.
- For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [•] Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares. Bids cannot be made for more than the Issue size.
- Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- Application in the Issue Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

PAYMENT INSTRUCTIONS

Escrow Mechanism

- Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid.
- Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue.
- The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement.
- The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders.
- The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders.
- On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue and to the Refund Account as per the terms of the Escrow Agreement.
- Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum- Application Form by drawing a cheque, demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) as per the below terms:

- The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been



accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds.

- Each category of Bidders (i.e. QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. (For details please see the section titled “Issue Procedure – Payment Instructions” beginning on page 219 of this Draft Red Herring Prospectus. The Margin Amount payable by each category of Bidders is mentioned in the section titled “Terms of the Issue” beginning on page 198 of this Draft Red Herring Prospectus. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
- Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM for QIB Bidders. If the payment is not made favoring the Escrow account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.
- Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 8 days from the Bid Closing Date/Issue Closing Date, failing which our Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.
- The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the member of the Syndicate.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
 - In case of resident QIB Bidders - “Escrow Account–MTIL – Public Issue - QIB-R”
 - In case of Resident Retail and Non-Institutional Bidders- “Escrow Account– MTIL – Public Issue - R”
 - In case of Non-Resident QIB Bidders - “Escrow Account– MTIL –Public Issue-QIB–NR”
 - In case of Non –Resident Retail and Non-Institutional Bidders – “Escrow Account – MTIL – Public Issue - NR”
- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- In case of Bids by NRIs applying on non repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO account of a Nonresident Bidder bidding on non repatriation basis



Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account or an NRO account.

- In case of Bids by FIIs, FVCI's registered with SEBI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- Where a Bidder has been allocated a lesser number of equity shares than the Bidder has bid for, the excess amount, if any, paid on bidding, after adjusting towards the balance payable on equity shares allocated, will be refunded to the Bidder from the refund amount.
- The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- On the Designated Date and no later than 8 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- Payments should be made by cheque, or demand drafts drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.
- Bidders are advised to mention the number of the Bid Cum Application Form on the reverse of the cheques or demand draft to avoid misuse of the instrument submitted along with the Bid cum application Form.

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

i.	In case of Resident Anchor Investors	:	Escrow Account– MTIL Public Issue–Anchor–R
ii.	In case of Non-Resident Anchor Investor	:	Escrow Account–MTIL Public Issue–Anchor-NR

Payment by Stock-invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

Electronic Registration of Bids

- The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- The NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the websites of NSE and BSE i.e. www.nseindia.com and www.bseindia.com respectively.



- A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period.
- At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - **Name of the Bidder(s):** Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
 - **Investor Category** – Individual, Corporate, QIB, NRI, FII, Mutual Fund etc.;
 - **Numbers of Equity Shares bid for;**
 - **Bid price;**
 - **Bid-cum-Application Form number;**
 - Whether **Margin Amount**, as applicable, has been paid upon submission of Bid-cum-Application Form; and
 - **Depository Participant Identification Number and Client Identification Number** of the demat Account of the Bidder.
- A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- The BRLM/ member of the Syndicate have the right to accept the Bid or reject it, however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page 229 of this Draft Red Herring Prospectus.
- It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE.
- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Build Up of the Book and Revision of Bids

- Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form.



For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

- Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Price Discovery and Allocation

- After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels under various categories.
- Our Company, in consultation with the BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each category to Bidders.
- The allocation for QIBs would up to 50% of the Issue and to Non-Institutional Bidders and Retail Individual Bidders will be at least 15% and 35% of the Issue, respectively, subject to valid bids being received at or above the Issue Price. The allocation shall be done on a proportionate basis in the manner specified in the SEBI Regulations and this Draft Red Herring Prospectus and in consultation with the Designated Stock Exchange.
- Under-subscription, if any, in any category of the Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the Non-Institutional and Retail portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of Company, in consultation with the BRLM and the Designated Stock Exchange
- Allocation to Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before the Board meeting for (to check) allotment.
- In terms of SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their bid after the bid / issue closing date.
- The allotment details shall be put on the website of the Registrar to the Issue at www.linkintime.co.in.



Signing of Underwriting Agreement and ROC Filing

- Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with ROC

- The Company will file a copy of the Prospectus with the Registrar of Companies, Ahmedabad at Gujarat in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall after receiving final observation, if any, on the Draft Red Herring Prospectus with SEBI, and filing of the Red Herring Prospectus with RoC, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations in two widely circulated national newspapers (one each in English & Hindi) and a Gujarati newspaper (Regional) with a wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company in two widely circulated national newspapers (one each in English & Hindi) and a Gujarati newspaper with a wide circulation, after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to allotment shall be made on the same date to all investors in this Issue;
- The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN;
- Such Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder.
- The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below in this Draft Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs



- After the Bid/Issue Closing Date, an electronic book will be prepared, by the Registrar, on the basis of, Bids uploaded on the BSE/NSE system.
- Based on the electronic book, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them.
- This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar.
- Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheques bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange.
- As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares.
- The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that the allotment of Equity Shares is done within 8 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account and Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account of the allotted Equity Shares to the allottees within two working days of the date of finalization of the basis of allotment.
- As per the SEBI (ICDR) Regulations, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to rematerialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Red Herring Prospectus;
- Read all the instructions carefully and complete the Bid-cum-Application Form (white or blue in colour) as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct and the beneficiary account is activated, as allotment of Equity Shares will be in the dematerialised form only.
- Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- Investors must ensure that the name given in the Bid-cum-Application form is exactly the same as the name in which the Depository account is held. In case the Bid-cum-Application Form is submitted in Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- Ensure that you have been given a TRS for all your Bid options;
- Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the Bid is within the Price Band.
- Each Bidder should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act.
- Ensure that demographic details (as defined herein below) are updated true and correct in all respects.



Don'ts:

- Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- Do not Bid for lower than minimum Bid size;
- Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay Bid amount in cash, money order, postal order or by stockinvest;
- Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders)
- Do not bid where bid amount exceeds Rs. 2,00,000 (for Retail Individual Bidders)
- Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
- Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
- Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

Bidder's Bank Details

- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid-cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders bank account details, including the nine digit MICR code as appearing on a cheque leaf..
- These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor BRLM shall be liable to compensate for the losses caused to the Bidders due to any such delay or liable to pay any interest for such delay.

Bidder's Depository Account Details

- IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.
- IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM APPLICATION FORM.
- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS, Direct Credit , RTGS or NEFT and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.



- These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used any other purposes by the Registrars to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.
- By signing the Bid-cum-Application Form, Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.
- Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid-cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, bidders may note that refunds may get delayed if bank particulars obtained from the depository participants are incorrect.
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository
- Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.
- Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum-Application Form instead of those obtained from the depositories.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company and/or the Book Runners will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

- In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.
- In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.
- In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development



- Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof. In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension fund with the minimum corpus of Rs. 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.
- In case of Bids made pursuant to Power of Attorney by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.
- In case of Bids made pursuant to Power of Attorney by National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, a certified copy of the relevant resolution or authority, as the case may be must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.
- Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and the BRLM may deem fit.
- The Company in its absolute discretion reserves the right to permit the holder of the power of attorney to request the Registrar to the issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/ allocation advice, the Demographic details given on the Bid-cum Application form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic details as given on the Bid cum application form instead of those obtained from the Depositories.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts equivalent to the margin amount shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum- Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, illustrations of certain procedures, which may be followed by the Registrar to the Issue to detect multiple applications, are provided below:



- All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
- In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
- The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and nonnumeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.
- The applications will be scrutinized for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.
- In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.
- The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007 the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page 229 of this Draft Red Herring Prospectus

Grounds for technical rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, on the following technical grounds:

- Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of Partnership firms, the shares may be registered in the name of individual partners and no such partnership firm shall be entitled to apply.
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN not stated;



- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids for number of Equity Shares, which are not in multiples of [•];
- Category not ticked;
- Multiple bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/ postal order/ cash;
- Signature of sole and/or joint Bidders missing;
- Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Member;
- Bid-cum-Application Form does not have Bidder's depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum-Application Form and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's account number;
- Bids by OCBs;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation under the Securities Act;
- Bids by QIBs not submitted through BRLM or members of the syndicate;
- Bids by NRIs not disclosing their residential status;
- If GIR number is mentioned instead of PAN number;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- Bids by any person resident outside India, if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- Bids at cut-off price by Non-Institutional and QIB Bidders whose maximum Bid exceeds Rs. 100,000.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, THE COMPANY SHALL BE ENTERING INTO AGREEMENTS WITH NSDL AND CDSL FOR DEMAT CONNECTIVITY AND SHALL ENSURE THAT ALL THE PRE-ISSUE EQUITY IS IN DEMAT FORM

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.



- Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account details of the Bidder(s) with the Depository.
- Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE, which is the stock exchange where Equity Shares are proposed to be listed is connected to NSDL and CDSL.
- The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the Bombay Stock exchange.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Procedure and Time Schedule for Allotment

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•].

Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE.

Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time.

The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Regulations require our Company to complete the allotment to successful bidders within 8 days of the expiration of the Bidding Period.

The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchange, the Equity Shares will be listed and trading will commence.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or



- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidder will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 1. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(-) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(-) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.



(-) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

2. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(-) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(-) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(-) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall be upto [●] Equity Shares.

Under-subscription, if any, in any category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

A. For Anchor Investors

- Our Company, in consultation with the BRLM, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of 2 allottees.
- The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/Issue Opening Date.
- Anchor Investors shall pay Anchor Investor Margin Amount representing 25% of the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares Allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/ Issue Closing Date.
- In case the Issue Price is greater than the price at which Equity Shares are allocated to Anchor Investors, the additional amount being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors shall be paid by the Anchor Investors. In the event the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the allotment to Anchor Investors shall be at the higher price i.e. the price at which Equity Shares were allocated under the Anchor Investor Portion.
- Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of allotment in the Issue.
- The BRLM or any person related to the BRLM / Promoters/Promoter Group shall not participate in the Anchor Investor Portion.
- Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Method of Proportionate Basis of Allotment in the Issue



In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- A) Bidders will be categorized according to the number of Equity Shares applied for by them.
- B) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- C) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- D) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- E) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- F) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference:

1) ECS- Electronic Credit Service

- Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam



managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur).

- This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories.
- The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository participant.

2) Direct Credit

Applicants having bank accounts with the Refund Bankers, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.

3) RTGS

- Applicants having a bank account at any of the above-mentioned 68 centers, have also the option to receive refund through RTGS.
- Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid cum-Application form.
- In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company.
- Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.

4) NEFT

- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers.
- Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
- The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5) Refund Orders

- For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received.
- Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.



- Please note that only applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

Our Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the stock exchange where the Equity Shares are proposed to be listed within twelve working days of Bid/Issue Closing Date;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Dispatch of Refund Orders” on page 234 of this Draft Red Herring Prospectus shall be made available to the Registrar to the Issue by our Company;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 8 days of closure of Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
- that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid Money is refunded on account of non-listing, under-subscription etc.
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors of the Company certifies that:

- all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested;

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.



Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However we shall update this Draft Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.



SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Copies of Memorandum and Articles to be furnished by the Company

3. Pursuant to Section 39 of the Act, the Company shall, on being so required by a member, send to him within 7 (seven) days of the requirement and subject to the payment of a prescribed fee, a copy of each of the following documents, as in force for the time being
 - i. the Memorandum;
 - ii. the Articles, if any;
 - iii. every other agreement and every resolution referred to in Section 192, of the Act, if and in so far as' they have not been embodied in the Memorandum or Articles.

Company's funds may not be applied in purchase of or lent for shares of the Company

4. (i) The Company shall not have power to buy its own shares, otherwise than the manner flowed under section 77 (A) of the Act, and unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 or Section 402 of the Act.
- (ii) The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit

- a. the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
- b. the making by the Company of loans, within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.
- c. No loan made to any person in pursuance of clause (b) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.
- d. Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorized Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorized Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company. the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL



6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be Issued

(a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further issue of Shares

(b) Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued capital or out of the increased share capital then

- i. Such further shares shall be offered to the persons who at the date of 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.
- ii. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- iii. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice shall contain a statement of this right.

PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person is whose favour any member may renounce the shares offered to him.

- iv. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they think, in their sole discretion, fit.
- (c). Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause(a) of sub-clause(1) hereof) in any manner whatsoever.
- i. If a special resolution to that effect is passed by the Company in General Meeting, or
 - ii. where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled 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.

(d) Noting is Sub-clause (c) or (1) hereof shall be deemed:

- i. To extend the time within which the offer should be accepted; or



- ii. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- i. To convert such debentures or loans into shares in the Company; or
 - ii. To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise.)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such terms:

- i. Either has been approved by the Central Government before the issue of the debenture or the raising of the loans or is in conformity with the Rules, if any, made by the Government in this behalf; and
- ii. In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans. —.

Directors may allot shares as fully paid up

- (f) Subject to the provisions of the Act and these Articles, the Directors may issue 3rd allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or f& services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partially paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

- (g) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part other original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfer transmission forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that:

- i. no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;
- ii. no such shares shall be redeemed unless they are fully paid;
- iii. the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
- iv. where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend. be transferred to a reserve fund, to be called "the capital redemption reserve account. a sum equal to the nominal amount of the shares redeemed; and he provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.



- (b). Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- (c). The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized Share Capital.
- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of preference Shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:

- (a). The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

Reduction of capital

9. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorized by law and in particular without prejudice to the generality of the foregoing power may be:

- (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company;



and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly,

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) consolidate and divide **all** or any of its Share Capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of It Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.
- (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.
- (d) cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.

- 11.** (a) If the Company has :
- i. consolidated and divided its Share Capital into shares of larger amount than its existing shares;
 - ii. converted any shares into stock;
 - iii. reconverted any stock into shares;
 - iv. sub-divided its share on any of them;
 - v. redeemed any redeemable preference shares; or
 - vi. cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,

the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stacks reconverted.

- b. The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

- 12.** if at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further shares not to affect right of existing share holders



13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *par passu* therewith. Provisions of Sections 85 to 88 of the Act to apply.
14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. a. The Company shall cause to be kept at its registered office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories ACT, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Company may also keep a Foreign Register of members and debenture holders in accordance with Section 157 of the Act.
- b. The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.
- c. The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

17. The Board shall observe "restriction as to allotment of shares to the public contained in sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors

19. Subject to the provisions of Section 81 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act at a discount and at such time as they may from time to time think fit and with the sanction of the Company in general meeting to give to any person the option to call by any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Every share transferable etc



20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima fade, evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. (a) 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 those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided this Article, apply as if the share premium account were paid-up share capital of the Company.
- (b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.
- i. in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - ii. in writing off the preliminary expenses of the Company;
 - iii. in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
 - iv. in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of Shares

23. [A] An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Power of Company to purchase its own Securities

[B] Notwithstanding anything contained in the Act, but subject to the provision of Sub-section (2) and Section 77 B of the Act, the Company shall have power to purchase its own shares or other specified securities (Referred to as Buy-Back Shares)

Deposits and calls etc. to be a debt payable Immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, or, the insertion of the name of the allottee in the Register of Members as the name of the



holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognized

- 25.** Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.
- Issue of Certificates of Shares to be governed by Section 84 of the Act etc.
- 26. (a)** The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

- (b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

- 27. (a)** Every member shall be entitled, without payment, to one Certificate for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates each for one or more of such shares and the Company shall complete and have ready for delivery such Certificates within the time provided by Section 11 of the Act unless the conditions of issue thereof otherwise provide. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Director shall prescribe or approve provided that in respect of Share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
- (b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity shares / 10 (Ten) debentures (all relating to the same series) in market lots as the case may be.
- Provided however this restriction shall not apply to an application made by the existing member or debenture holder for split of share debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.
- (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place of one defaced lost or destroyed



- 28.** If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any Certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs 1/- for each Certificate) as the Directors shall prescribe. Out of pocket expenses incurred by the Company in investigating the evidence as to the loss or destruction shall be paid to the Company if demanded by the Directors.

Provided that no fees shall be charged for issue of new certificates in replacement of those which are let, descript or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or Rules applicable in this behalf.

INTEREST OUT OF CAPITAL

Interest out of Capital

- 29.** Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or building or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of cost of construction of the work or building or the provision of the plant.

UNDERWRITING COMMISSION AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commissions discounts etc.

- 30.** A. The Company may a commission to any person in consideration of
- i. his subscribing or agreeing to subscribe whether absolutely or conditionally, for arty shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or
 - ii. his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely
 - a. the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
 - b. the amount at rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
 - c. the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
 - d. a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.
- B. Save as aforesaid and save as provided in Section 75 of the Act, the Company shall not allot any of its share or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of:



- i. his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or:
 - ii. his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.
- C. Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- D. A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.
- E. The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Directors may make calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares / debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.

Notice of call

33. Thirty days notice in writing shall be given by the Company of every, calls made payable otherwise than on allotment specifying the time and place of payment provided that before that payment of such call, the Directors may by notice In writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be calls

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or **at** any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly **made** and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of



these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such amount had become payable by virtue of a call duly made and notified.

Installments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or 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 the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.
Explanation: For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of Shares

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.

When interest on call or installment payable

39. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be **due, shall pay** interest as shall be fixed by the Board from the day appointed for the payment but the or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

40. Neither a judgment for a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest



42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually, allied for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.
- (b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

Term of issue of Debenture

43. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a special Resolution.

Company's lien on Shares / Debentures

44. The Company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extinction all dividends and bonuses from time to time declared in respect of such shares/debentures.

Unless otherwise agreed the registration a transfer of shares/debentures shall operate as a waiver of the Companies lien if any on such shares debentures. The Directors may at any time declare any shares/debentures wholly r in part to b exempt from the provisions of this Clause.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorize one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for Thirty days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsiders lien not to Affect Company's lien

- b. The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by



statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or installment not paid notice must be given

- a. If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made Or installment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

49. When any shares/debenture share have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.



Power to annul forfeiture

51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorized by the Directors for the purpose, that the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the reality of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/debentures

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of purchaser and allotted of forfeited shares debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any



irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

59. The Company shall keep a book to be called the Register of transfers” and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Instrument of transfer

60. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, shall be duly complied with in respect of all transfer of shares and registration thereof.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer

62.

- a. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956 the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- b. Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of shares

63.

- a. An application of registration of the transfer of shares may be made either by ‘transferor or the transferee provided that where such application is made by the transferor’, registration shall in the case of partly paid shares be effected, unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- b. For the purpose of Clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall



- be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- c. It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
 - d. Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.
 - e. The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;
 - A. for splitting of a share or debenture certificate into several scripts of very small denominations;
 - B. proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.
 - i. transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;
 - ii. the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
 - iii. the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transferee deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equal Shares/10 (ten) debentures.
 - iv. the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company. Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).
 - f. Nothing in this Article shall prejudice any power of the Company to refuse to register them transfer of any share.

Custody of instrument of transfer

64. [A] The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Dematerialization / Rematerialisation

- [B] Notwithstanding anything contained in these Articles the company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depository Act, 1996.

Option for Investors

- [C] Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time option out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.



If a person options to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

If a person options to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

Securities in Depository to be in fungible form

[D] All securities of the Company held by the Depository shall be dematerialized and be in fungible form.

Nothing contained in Sections 153, 153A, 1536, 187C and 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

[E]

- i. Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- ii. Save as otherwise provided in (i) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- iii. Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record 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 contained in the Act to the contrary, where Securities of the Company are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

[G] Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effect by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository,

Allotment of Securities dealt with in a depository

[H] Notwithstanding anything contained in the Act, where Securities are dealt with by a depository. the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and Index of Members

[I] The company shall use to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 15 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India a Register of Members for the residents in that state or Country



Applicability of the depositories Act

[J] In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act, 1996 shall apply.

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Director? in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member

Registration of person's entitled to share otherwise than by transfer

68.

- a. Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors 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 free from any liability in respect of such shares
- b. A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer



Nominations

- c.
- i. Every Shareholder or Debenture holder or deposit holder of the Company, may at any time nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act, and shall have all powers vested under Section 109A of the Companies Act, 1996.
 - ii. Where the Shares or Debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders.
 - iii. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purpose to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or deposit holder, as¹ the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner
 - iv. Where the nominee is minor, it shall be lawful for the holder of the shares or debentures, to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company in the event of his death, during the minority

Claimant to be entitled to same advantage

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture

71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.



No Fee on transfer or transmission

74. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of attorney or similar other documents. •

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles

No transfer to more than four persons as joint holders

- (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders

- (b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

- (c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

- (d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

- (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.



Delivery of certificate and giving of notices to first named holder

- (f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

- (g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holder shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

The Board of Directors shall not, except with the consent of the Company* in general meeting and subject to Article 172 of the Articles of Association of the Company:

- a. Sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
- b. Remit, or give time for the repayment of any debt due by a Director.
- c. invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
- d. borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose
- e. contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount unto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions, in all respects as they think fit, and in particular by the issue of bonds. Perpetual or redeemable debenture or debenture stocks or any mortgage or charge or other security on the



undertaking of the whole or any part of the property of the company (both present and future; including its uncalled capital for the time being).

Bonds, debentures etc. to be subject to the control of directors

80. Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution

Securities may be assignable, free from equities

81. Debentures, debenture stocks, 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

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender, Drawings, appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

- a. The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- b. The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- c. Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- d. Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.
- e. The term 'charge' shall include mortgage in these Articles.
- f. A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance

Limitation of time for issue of certificate

g. The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of and inspect Trust Deed

- h. (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment.
 1. In the case of a printed Trust Deed of the sum of Rupee One and



2. In the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.
- (ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.

Mortgage of uncalled capital

- 83.** If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed

Indemnity may be given

- 84.** If the Directors or any of them or any other person 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 person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charge

85.

- a. The provisions of the Act relating to registration of charges shall be complied with;
- b. In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with
- c. Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate, as provided by Section 125 of the Act
- d. Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- e. In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.
- f. The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders *pari passu*.
- g. The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
- h. The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.
- i. The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of any charge and of every series of debentures
- j. As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.



- k. The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered officer of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Manager as therein provided.
- l. The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- m. The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:
 - (i) a short description of the property charged;
 - (ii) the amount of the charge: and
 - (iii) except in the case of securities to bearer, the names of persons entitled to the charge
- n. Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act

Trust not recognized

- 86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders

SHARE WARRANTS

Powers to issue share warrants

- 87. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of share warrants

- 88.
 - a. The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting, and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the share included in the deposited warrant.
 - b. Not more than one person shall be recognised as depositor of the Share Warrant.
 - c. The Company shall on two days' written notice return the deposited share warrant to the depositor

Privileges and disabilities of the holders of share warrant.

- 89. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition M calling a meeting of the Company, or attend, or vote or exercise any of the privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.



- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

Issue of new share warrant or coupon

90. The Board may, from time to time, make rules 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

Shares may be converted into stock

91. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been converted into stock the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

Rights of Stock holders

92. The holders of stock shall, according to the amount of stock, held by them have the same right privileged and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the share from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and the assets on winding up) shall be conferred by an amount of stock which would not if existing in shares, have conferred that privilege or advantage.

GENERAL MEETINGS

Annual General Meeting

93. Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy register with the Company and Register of Director's Share holdings of which, latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.



Time and place of Annual General Meeting

94. Every annual general meeting shall be called 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, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting

Sections 171 to 186 of the Act shall apply to meetings

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit

Calling of Extra Ordinary General Meeting on requisition

97.

- a. The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.
- b. The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company
- c. The requisition may consist of several documents in like form, each signed by one or more requisitionists
- d. The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter
- e. Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled
- f. If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:
 - (i) by the requisitionists themselves;
 - (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act

- g. A meeting, called under clause (f) above, by the requisitionists or any of them:
 - (i) Shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
 - (ii) Shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period



- h. Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some Of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them
- i. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting -

- 98.** (a) A general meeting of the Company may be called by giving not less than twenty one days' notice in writing
- (b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;
- (i) in the case of an annual general meeting by all the members entitled to vote thereat and
 - (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

- a Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- b Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
- (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of the Company and
- (iv) to all the Directors of the Company

Provided that when the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- c. The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting

Explanatory statement to be annexed to notice

- (A) For the purpose of this Article:



- (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
 - a. the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
 - b. the declaration of a dividend;
 - c. the appointment of Directors in the place of those retiring, and
 - d. the appoint of and the fixing of the remuneration of the auditors, and
 - (ii) in the case of any other meetings, all business shall be deemed special
- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the proviso to sub-section (2) of Section 173 of the Act

- (C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present, meeting to be dissolved or adjourned

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved
- (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine

Adjourned meeting to transact business

- (c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

- (b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant

Chairman of general meeting

- (c)
 - I. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no



Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.

- II. If at any meeting; quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting

Chairman with consent may adjourn the meeting

- (d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situate

Business at adjourned meeting

- (e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting •

- (f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

- (g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

- a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

- b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- c) The instrument appointing a proxy or any other document necessary to show the validity or Otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.
- (d) The instrument appointing a proxy shall:
 - (i) Be in writing, and
 - (ii) Be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.



Form of proxy

- (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.
- (f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

- (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 8 of the Act.

Restriction on exercise of voting right in other cases to be void

- 105.** A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

- 106.** Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class

Voting to be by show of hands in first instance

- 107.** At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

- 108.** (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and **upon a** poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him

No voting by proxy on show of hands

- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187 A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

- (c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and, any such committee or guardian may on poll vote by proxy; if any member be a minor the



vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting

Votes in respect of shares of deceased or insolvent members etc.

(d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof

Custody of Instrument

(e) If any such instrument of appointment be confined to the object of appointing proxy or substitute 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 a copy thereof examined with the original, shall be slivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc.

(f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or ~~the~~ transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting

Time for objections for vote

(g) No objection shall be made to, the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent-or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

(h)The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a. particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in ' favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present i person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.



- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith

- (b) A poll demanded at any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses

Scrutineers at poll

113.

- a. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him.
- b. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- c. Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such member is available and willing to be appointed.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken

Casting Vote.

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

117.

- a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any



meeting if any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same

- b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a 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.

Public Trustee

- c) The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee

Circulation of member's resolution

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date. . .

Registration of resolutions and agreements

121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings.

122.

- a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:
 - i. in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting
 - ii. in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose
- c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.



the minutes of the meeting.

- e) all appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
 - i. the names of the Directors present at the meetings, and
 - ii. in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.
- g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
 - (i) is or could reasonably be regarded, as defamatory of any person
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

- h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

123. where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board 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 proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

- 124.** a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
- i. be kept at the registered office of the Company, and
 - ii. be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
 - iii. Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings



125. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

126. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

BOARD OF DIRECTORS

Board of Directors

127. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve. The First Directors of the Company shall be:

1. Mr. Mahendra S. Bhansali
2. Mr. Ramesh S. Bhansali
3. Mr. Suratmalji M. Bhansali

Appointment of Senior Executives as Whole time Directors

128.

- a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
 - i. He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Whole time Director.
 - ii. He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
 - iii. He shall cease to be a Director of the Company on the happening of any event specified in Sections 283 and 314(2C) of the Act He shall cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.
 - iv. Subject to what is stated hereinabove he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/ s and/or the Board may, from time to time determine.
- b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole time directors.

Debenture Director

129. Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any



Director/s so appointed. The Director/s so appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

130. 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), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, 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/a.

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. 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 money remain owing by the Company to the Corporation Of so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any 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 of the Meetings of the Committee of which the Nominee Directors is/are member/a as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by 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 Directors.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fee 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.



Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Whole time Director/ s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a wholetime Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration fees, commission and monies as may be approved by the Lenders.

Special Director

131.

- a. In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.
- b. The collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.
- c. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.

132. Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles 130 and 131 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Appointment of Alternate Director

133.

- a. The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held
- b. An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meeting of the Board are ordinarily held
- c. If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.



Appointment of Additional Directors

134. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles Any Director so appointed shall hold the office only unto the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

135.

- a) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only unto the date unto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

- b) At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Director 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 being given against it. Resolution moved in contravention of this Article shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring director by virtue of these Articles and the Act in default of another appointment shall apply.

Appointment of chairman

136. The directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

137. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

- a. Subject to the provisions of the Act, a Managing Director or a Director who is in the whole time. Employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- b. Subject to the provisions of the Act. a Director, who is neither in the whole time employment nor a Managing Director may be paid remuneration either :
- i. by way of monthly, quarterly or annual payment with the approval of the Central Government, or
 - ii. by way of commission if the Company by a special resolution Has authorised such payment.
 - iii. The fee payable to Directors (other than Managing or Whole time Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.



Traveling and other expenses

139. The Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for traveling, board and lodging and incidental and/or such actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings of the Board or Committees thereof or general meetings of the Company are held from, time to time or any other place at which the Director executes his duties.

Remuneration for extra services

140. If any Director, being willing shall be called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Increase in remuneration of Directors to require Government sanction

141. (a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Whole time Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or these Articles, or in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by the Board of Directors, shall not have any effect unless approved by the Central Government and the amendment shall become void if, and in so far as, it is disapproved by the Government.

Increase in remuneration of Managing Director on re-appointment or appointment

(b) If the terms of any re-appointment of a Managing or Joint Managing or Whole time Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Whole time Director, as the case may be was receiving immediately before such reappointment or appointment shall not have any effect unless approved by the Central Government, and shall become void if, and in so far as, it is disapproved by the Government

Directors not to act when number falls below minimum

142. When the number of Directors in Office falls below the minimum above fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

Eligibility

143. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Act

Directors vacating office

144 (a) The Office of a Director shall become vacant if.:

- i. he is found to be of unsound mind by a Court of competent jurisdiction,
- ii. he applies to be adjudicated an insolvent,
- iii. he is adjudged an insolvent;



- iv. he is¹ convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
 - v. he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
 - vi. he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
 - vii. 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;
 - viii. he acts in contravention of Section 299 of the Act;
 - ix. he becomes disqualified by an order of court under Section 203 of the Act;
 - x. he is removed in pursuance of Section 284 of the Act;
 - xi. having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company,
 - xii. he resigns his office by notice in writing given to the Company,
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;
- i. for thirty days from the date of the adjudication, sentence or order;
 - ii. where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
 - iii. Where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off

Removal of Directors

145.

- a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office
- b) Special notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting
- d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so,
 - i. in the notice of the resolution given to members of the Company state the fact of the representations having been made, and
 - ii. send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.



- e) A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof A Director so appointed shall hold office until the date unto which his predecessor would have held office if he had not been removed as aforesaid.
- f) If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly;

Provided that the Director who was removed from office under this Article shall not be re appointed as a Director by the Board of Directors.

- g) Nothing contained in this Article shall be taken:
 - (i) as depriving a person removed 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.

Directors may contract with Company

- 146.** (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295 297, 300, 311, 370 and 373 and any other provisions of the Act, no Director, Managing Director, or other Officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director, Managing Director, Officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable
- (b) In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested 'and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote.

Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.

- (c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

Directors may be directors of companies promoted by the company

- 147.** A Director, Managing Director, Officer or employee of the Company may be, or become a director, of any Company promoted by the Company or in which it may be interested as a vendor, member or otherwise, and no such director shall be accountable for any benefits received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.



Duty of Directors etc. to make disclosure

148. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company, who is appointed to or relinquishes the office of Director, Managing Director, Manager or Secretary of any other body corporate shall, within twenty days of his appointment or relinquishment of such office, as the case may be, disclose to the Company aforesaid the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every Director of the Company and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act and every other person referred to in sub-section (11) of Section 307 of the Act, shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act.

Directors etc. not to hold office or place of profit

149. The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by a person mentioned in the said section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act

Loans to Directors

150. The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.

Appointment of Sole Selling Agents

151. (a) The appointment, re-appointment and extension of the term of a Sole Selling Agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any rules or Notifications issued by competent authority in accordance with that section and the Directors and/or the Company in general meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such Rules or Notifications, if any as may be applicable

(b) The payment of any compensation to a Sole Selling Agent shall be subject to the provisions under Section 294A of the Act.

Board resolution at a meeting necessary for certain contract

152

a. Except with the consent of the Board of Directors of the Company and with the previous approval of the Central Government a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the director is a member or director, shall not enter into any contract with the Company;

- i. for the sale, purchase or supply of any goods materials or services, or
- ii. for underwriting the subscription of any shares in, or debentures of the Company.

b. Nothing contained in the foregoing sub-clause (a) shall affect:

- i. the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
- ii. any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other side for sale, purchase, or supply of any goods, materials



and services in which either the Company or the Director, relative, firm, partner or private company as the case may be, regularly trades or does business;

Provided that such contract or contracts do not relate to goods and materials the value of which, or service cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.

- c. Notwithstanding anything contained in the foregoing sub-clause (a) and (b) 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, materials or services exceeds five thousand rupees 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 contract was entered into
- d. Every consent of the Board required under this clause shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board* required under sub-clause (a) above shall not be deemed to have been given within the meaning of that sub clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- e. If consent is not accorded to any contract under this clause, anything done in pursuance of the contract shall be voidable at the option of the Board.
- f. The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established
- g. The Company shall also comply with such other provision of Section 297 of the Act, as may be applicable

ROTATION OF DIRECTORS

Rotation of Directors

153. Not less than two thirds of the total number of Directors shall

- a. be persons whose period of office is liable to determination by retirement of Directors by rotation, and
- b. save as otherwise expressly provided in the Act, be appointed by the Company in general meeting

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

Ascertainment of Directors retiring by rotation and filling up vacancies

154.

- a) At every annual general meeting 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, then the number nearer to one-third, shall retire from office.
- b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment; but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.
- c) At the annual general meeting at which a Director retires- as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto



- c) (i) If the place of the retiring Director is not so filled Up and that 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.
- d) (ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:
1. at that meeting or the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost;
 2. the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 3. he is not qualified or is disqualified for appointment;
 4. a resolution, whether special or ordinary, is required for his appointment or reappointment in virtue of any provisions of the Act; or
- (e) The proviso to sub-section (2) of Section 263 of the Act is applicable to the case

Explanation: In this Article and Article 156 the expression 'Retiring Director' means Director retiring by rotation.

Right of persons other than retiring Directors to stand for Directorship

- 155.** (a) A person who is not a retiring Director shall, in accordance with Section 257 of the Act and subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member or members intending to propose him has, not less than 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 director or the intention of such member or members to propose him as a candidate for that office, as the case may be along with a deposit of such sum as may be prescribed by the Act, or the central government from time to time which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.
- (b) The Company shall inform its members of the candidature of a person for the office of director or the intention of a member(s) to propose a person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting in the manner provided under Section 257 of the Act.

Consent of candidate for Directorship to be filed with the Registrar

- 156.** Every person who is proposed as a candidate for the office of Director of the Company shall sign and file with the Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the provisions of Section 264 of the Act in so far as they may be applicable

PROCEEDINGS OF DIRECTORS

Meeting of Directors

- 157.** The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.



When meeting to be convened

158. Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Directors entitled to notice

159. Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India.

Questions at Board meeting how decided

160. Question arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote.

Who to preside at meetings of the Board

161.

- a. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. The Directors may also appoint a Vice Chairman of the Board of Directors to preside at the meetings of the Board of Directors at which the Chairman shall not be present and determine the period for which he is to hold office.
- b. All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same, the Vice Chairman, if present, shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.

Quorum at Board Meeting

162. (a) The quorum at a meeting of the Directors shall be as prescribed by Section 287 of the Act

Quorum competent to exercise power

(b) A meeting of the 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 by or under the regulations or the Articles of the Company for the time being vested in or exercisable by the Directors generally.

Procedure in case of want of quorum

(c) 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 a Public Holiday, till the next succeeding day which is not a public holiday, at the same time and place

Directors may appoint committee

163. Subject to the provisions of Section 292 and other provisions of the Act and Article 165 the Directors may delegate all or any of their powers to committees consisting of such member or members of their body as they think fit, and they may, from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes, but every Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the



remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.

Resolution by circular

164. Subject to the provisions of Section 289 of the Act, a resolution passed without any meeting of Directors, or of a Committee of Directors appointed under these Articles and evidenced by writing under the hands of all the Directors or members of such Committee as aforesaid, for the time being in India, be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such committee called and held in accordance with the provisions of these Articles. Provided that the resolution has been circulated in draft, together with the necessary papers, if any, to such Directors, or members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or the Committee as the case may be) and all other Directors or members at their usual address in India and has been approved by such Directors as are then in India or by majority of such of them, as are entitled to vote on the resolution

Limit of Directors' numbers

165. Subject to the provisions of sec. 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in that behalf of these Articles.

Acts of Board or Committee valid notwithstanding defect of appointment

166. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in these Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

Minutes of proceedings of the Board and the Committees to be valid

167 The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these Articles and Section 193 of the Act.

Register of Directors and Managing Directors etc.

169 The Directors shall cause to be kept at the registered office of the Company:

(a) (i) A Register of the Directors, Managing Directors, Manager and Secretary of the Company containing the particulars required by Section 303 of the Act.

(ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act, and

(iii) A Register of Directors shareholding containing the particulars required by Section 307 of the Act. They shall also cause to be kept other registers and indexes as required by the Act.

(b) The Company shall comply with the provisions of Sections 301, 303 and 307 and other Section of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the, same be applicable to the Company

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting



170 (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.

- (i) The power to make calls on shareholders in respect of money unpaid on their shares;
- (ii) The power to issue debenture;
- (iii) The power to borrow moneys otherwise than on debentures;
- (iv) The power to invest the funds of the Company, and
- (v) The power to make loans.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

- (b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time unto which moneys may be borrowed by the delegate.
- (c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount unto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
- (d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount unto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount unto which loans may be made for each such purpose in individual cases.
- (e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above

Restriction on powers of Board

171 (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:

- (i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;
- (ii) remit, or give time for the repayment of any debt, due by a Director;
- (iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (iv) borrow monies, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or



(v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater

(b) Nothing contained in sub-clause (a) above shall affect:

(i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or

(ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

(c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.

(d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded

Prohibition regarding making of political contributions

(e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.

General powers of the Company vested in Directors

172. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific powers given to Directors

173. Without prejudice to the general powers conferred by Article 172 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Director shall have the following powers :

To pay registration expense

(i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;

(ii) to pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act;

To acquire property

(iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and



goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

To purchase lands, buildings etc.

(iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit, and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

To construct buildings

(v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;

To mortgage, charge property

(vi) To let, mortgage, charge, sail or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit,

To pay for property etc.

(vii) At their discretion to pay for any property, rights or privileges' acquired by or services rendered to the Company, either wholly or partially, in cash or In shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To insure

(viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by thr Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;

To open accounts

(ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

To secure contracts

(x) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions

(xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

To accept surrender, of shares

(xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

**To appoint trustees**

(xiii) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

(xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

To refer to arbitration.

(xv) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

(xvi) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

(xvii) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act;

To authorise acceptances

(xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;

To invest moneys

(xix) Subject to the provisions of Sections 292, 293, 370, 372 of the Act, invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;

To provide for personal liabilities

(xx) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on;

To give to Directors etc. an interest in business

(xxi) Subject to such sanction as may be necessary under the Act or these Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company;

To provide for welfare of employees

(xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;



To subscribe to charitable and other funds

(xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national public or any other useful institutions, object or purposes for any exhibition:

To maintain pension funds;

(xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and well being Of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;

(xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years;

To create Reserve Fund

(xxvi) Before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalising dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Act) as the directors may think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which (the Capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption or redeemable preference shares debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint Managers etc.

(xxvii) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

To authorise by power of attorney

(xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the



Directors may think fit) be made in favour of any Company or the members, directors nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

To authorise, delegate

(xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers, authorities and discretions for the time being vested in the Directors' by these presents, subject to such restrictions and conditions, if any as the Directors may think proper

To Negotiate

(xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTORS

Power to appoint Managing or Whole time Directors

174 (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Whole time Directors and/or Special Director like Technical Director. Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Whole time Director(s), Technical Director(s) Financial Director(s) and Special Director(s) such of the powers 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 the remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act

(b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy .,Managing Directors" as the case may be.

Appointment and payment of remuneration to Managing or Whole time Director

(c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

The Secretary

175. Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company

SEAL

The seal its custody and use



176 (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence

Seal abroad

(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

177. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

178. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

179 No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

180 Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

181 Where the Capital is paid up in advance of 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.

Dividends in proportion to amount paid up

182 (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in Annual General Meeting may declare dividends

183. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividends



184 No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

185 No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that

- a. If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;
- b. If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions Of sub-section (2) of Section 205 of the Act or against both

Provided further that no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company¹ of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act

Directors' declaration as to net profits conclusive

186. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

187 The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

188 The Directors may retain Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom

189. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

190. A transfer of shares shall. not pass the right to any dividend declared thereon before the registration of the transfer



Dividend how remitted

191. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

192.

- a. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank as per Section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrants has been posted
- b. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.
- c. No unpaid or unclaimed dividend shall be forfeited by the Board

Dividend and call together

193. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

194. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company

CAPITALISATION

Capitalisation

195. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys' investments or other assets forming part of the undivided profits (including profits or surplus, moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to



the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalized:

- (i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or
- (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon

Provided that any amounts standing to the credit of the Share Premium Account may be applied in,

1. paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 2. in writing off the preliminary expenses of the Company;
 3. in writing off, i.e. expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 4. in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares
- b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital
- c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.
- d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit
- e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata



in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

196. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

ACCOUNTS

Accounts

197. The provisions of Sections 209 to 222 of the Act shall be complied with in so far as the same be applicable to the Company.

198. Books of Accounts to be kept

(a) The Company shall keep at its Registered Office proper books of accounts as required by Section 209 of the Act with respect to:

- (i) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
- (ii) all sales and purchases of goods by the Company, and
- (iii) the assets and liabilities of the Company;

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 decide, 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

(b) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarised returns made up to date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.

Books to give fair and true view of the Company's affairs

199.

- i. All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be with respect to the matters aforesaid, and explain the transactions
- ii. The books of account shall be open to inspection by any Director during business hours as provided by Section 209 of the Act.
- iii. The books of account of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.

Inspection by members

200. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts, books and documents of the Company or any of them, shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorised by the Directors or by a resolution of the Companying general meeting

Statements of Accounts to be furnished to General Meeting



201. The Board of Directors shall lay before each annual general meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date, which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act

Right of Members to copies of Balance Sheet and Auditor's Report

206. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditor's Report and every other document required by Law to be annexed or attached as the case may be, to the Balance Sheet) which is to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of twenty one days before of the meeting.

AUDIT

Accounts to be audited

208. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Audit of Branch Office

210. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

Remuneration of Auditors

211. The remuneration of the Auditors shall be fixed by the Company in general meeting in such manner as the Company may in general meeting determine except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

DOCUMENTS AND NOTICES

Service of Notice by member

214. A notice may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a Certificate of posting or by registered post or by leaving it at its Registered Office.

The term 'Notice' in this and the following clauses shall include summons, notice, requisite n, order, judgement or other legal papers and any document.

Service of Notice on Registrar

215. A notice may be served on the Registrar by sending it to him at his office by post under an certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

216.

a. A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him.

b. Where a Notice is sent by post

(i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the



expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

(ii) Such service shall be deemed to have been effected:

1. in the case of a Notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and
2. in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

c. A Notice advertised in a newspaper circulating in neighborhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notices to him.

On Joint holder

d. Any Notice may be served by the Company on the Joint-holders of a share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On personal Representative

e. A Notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

217. Any Notice given by the "Company shall be signed by a Director, or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

218. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the Director, the Managing Director, the Manager, the Secretary or other authorized Officer of the Company and need not be under its Common Seal.

WINDING UP

Distribution of Assets

219.

(a) Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions

220 Subject to the provisions of the Act.



Distribution in specie or kind

- a. If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or 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 trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit
- b. If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- c. in case any shares to be divided as aforesaid involved 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 liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

221 Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECRECY CLAUSE

222

a. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

b. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

223 (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Whole time Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.



(b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company

Directors and other officers not responsible for the acts of others

224. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Whole time Director 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 receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of 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 monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or troths act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.



SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at Survey No. 873, Near GIDC, POR, Ramangamdi, N.H.No.8, Dist-Vadodara 391 243, Gujarat, India from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this Draft Red Herring Prospectus until the Offer closing date.

Pursuant to a resolution passed at the Board Meeting of the company held on April 19, 2007 we have shifted our registered office from 504, Krishan Tower, R. V. Desai Road, Vadodara – 390 001, Gujarat to the current office address of Survey No. 873, Near GIDC Por, Ramangamdi, National Highway 8, Vadodara – 391 243, Gujarat.

Our Company was incorporated on 19th July 2006 under the Companies Act, 1956 as 'Modern Tube Industries Limited' and received its Certificate of Incorporation from the Registrar of Companies, Gujarat, Dadra & Nagar Havelli. The Corporate Identity Number of the Company is U27109GJ2006PLC048737. The Registered Office of the Company is situated at Survey No. 873, Near GIDC Por, Ramangamdi, National Highway 8, Vadodara – 391 243, Gujarat.

MATERIAL CONTRACTS

- Memorandum of Understanding dated 22nd October 2010 among our Company and Aryaman Financial Services Limited, appointing them as Book Running Lead Manager to the Issue.
- Memorandum of Understanding dated 12th November 2010 between the Company and Link Intime India Private Limited appointing them as Registrar to the Issue.
- Tripartite Agreement dated [●] among our Company, NSDL and Link Intime India Private Limited.
- Tripartite Agreement dated [●] among our Company, CDSL and Link Intime India Private Limited.
- Escrow agreement dated [●] between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
- Syndicate agreement dated [●] between our Company, the BRLM and the Syndicate Members.

DOCUMENTS FOR INSPECTION

- Certified True Copy of the Memorandum and Articles of Association of our Company, as amended from time to time.
- Certified True Copy of the Certificate of Incorporation dated July 19, 2006 issued by Registrar of Companies, Gujarat under the name and style of Modern Tube Industries Limited
- Certified True Copy of the Form 18 filed for changing the registered office from 504, Krishan Tower, R. V. Desai Road, Vadodara – 390 001, Gujarat to the current office address of Survey No. 873, Near GIDC Por, Ramangamdi, National Highway 8, Vadodara – 391 243, Gujarat.



- Copy of the resolution passed by our shareholders at the Extra Ordinary general meeting of our Company held on 16th November, 2010, approving this Issue.
- Due Diligence Certificate dated 23rd December 2010 to SEBI from Aryaman Financial Services Limited, the Book Running Lead Manager.
- Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Legal Advisor and Bankers to our Company, to act in their respective capacities.
- Certificate dated 26th October, 2010 from the statutory auditors, M/s. Janardan Tamboli & Company, Chartered Accountants, detailing the tax benefits.
- Audit report by the Independent Auditor, M/s. Vikas A. Manohar & Co., Chartered Accountants dated December 10, 2010 included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said report.
- Copy of the Certificate from the statutory auditors, M/s. Janardan Tamboli & Company, Chartered Accountants, dated 9th December, 2010 regarding the sources and deployment of funds as on October 31, 2010.
- Copy of in-principal approval received from the Bombay Stock Exchange Limited dated [●].
- IPO Grading Report dated [●] by [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 1956 and other relevant statutes.



DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or Regulations issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Board of Directors, Company Secretary cum Compliance Officer and Assistant General Manager (Finance) of the Company:

<hr/> Mahendra Bhansali (Chairman and Managing Director)	<hr/> Himanshu Sharma (Executive Director)
<hr/> Surendra Tamboli (Independent Director)	<hr/> D.K. Vyas (Independent Director)
<hr/> Rameshkumar Doshi (Independent Director)	<hr/> Romeshkumar Shah (Independent Director)
<hr/> Girish Kulkarni (AGM Finance)	<hr/> Yogesh Bhatt (Company Secretary and Compliance Officer)

Place: Por

Date: December 23, 2010