



Our Company was incorporated as M.S. Finvest Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated August 24, 1994. The name of our Company was changed to Amit Udyog Limited vide a fresh Certificate of Incorporation dated April 19, 1999. Further the name of our Company was changed to its present name "Mukesh Udyog Limited" vide a fresh certificate of incorporation dated December 14, 2001. The Corporate Identification Number of our Company is L65921PB1994PLC14976. For details of the change in the Registered Office of our Company, see "History and Certain Corporate Matters" on page 107 of this Draft Red Herring Prospectus.

Registered Office: VPO Buddhewal, Near Kohara, Tehsil and District Ludhiana, Punjab - 141 010, India; **Tel. No:** +91 161 284 3425, **Fax No:** +91 161 284 8742
Email: fpo@mukeshudyog.com; **Website:** www.mukeshudyog.com; **Contact Person:** Ms. Navneet Saharan; Compliance Officer & Company Secretary and CFO

Promoters: Mr. Krishan Chand Gupta, Mr. Pardeep Gupta, Mr. Sandeep Gupta and Mukesh Steels Limited, Mukesh Strips Limited, Plezer Investments Private Limited and Mukesh Industrial Finance Limited

FURTHER PUBLIC ISSUE OF 75,00,000 EQUITY SHARES OF Rs. 10 EACH OF MUKESH UDYOG LIMITED ("MUL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE) AGGREGATING Rs. [•] LACS (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 54.30% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE

**PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH.
 THE FLOOR PRICE IS [•] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [•] TIMES OF THE FACE VALUE.**

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, 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, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), whose online IPO system will be available for bidding, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager (BRLM) and the terminals of the member(s) of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

GENERAL RISK



Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of 'Risk Factors' beginning on Page 11 of the Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENT

The existing Equity Shares of our Company are listed for trading on Delhi Stock Exchange Limited (DSE) and Ludhiana stock Exchange Limited (LSE). The Equity Shares being issued through the Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE), and on The National Stock Exchange of India Limited (NSE) in addition to DSE and LSE. In-principle approval has been received from BSE, NSE, DSE and LSE for the listing of the Equity Shares vide its letters dated [•], [•], [•] and [•] respectively. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 <p>Corporate Strategic Allianz Limited SEBI Registration No: INM000011260 402, Samedh Complex, Near Associated Petrol Pump, C.G. Road, Ahmedabad – 380 006. Tel No: + 91 79 2642 4138 Telefax No: +91 79 4002 4670 Email: fpo@csapl.com Investor Grievance ID: investors@csapl.com Website: www.csapl.com Contact Person: Mr. Chetan Sharma / Ms. Rekha Singhal</p>	 <p>Skyline Financial Services Private Limited SEBI Registration No: INR000003241 246, Sant Nagar, 1st Floor, Iscon Temple Road, East of Kailash, New Delhi – 110 065 Tel No: + 91 11 2629 2982/83 Fax No: +91 11 2629 2681 Email: admin@skylinerta.com Investor Grievance ID: admin@skylinerta.com Website: www.skylinerta.com Contact Person: Mr. Subhash Agarwal</p>

BID/ISSUE PROGRAMME

ISSUE OPENS ON	[•]	ISSUE CLOSURES ON	[•]
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SECTION I - DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended
Equity Shares	The Equity Shares of face value of ₹. 10 each of Mukesh Udyog Limited
Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	A person who is not an NRI, FII and is not a person resident in India
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
RBI Act	The Reserve Bank of India Act, 1934
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI (ICDR) Regulations, 2009 / SEBI (ICDR) Regulations	Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), Delhi Stock Exchange Limited (DSE) and Ludhiana Stock Exchange Limited (LSE), referred to as collectively
Stock Exchange/Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, Allotment of Equity Shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted
Applications Supported by Blocked Amount (ASBA)	An application, whether physical or electronic, used by all Bidders to make a Bid authorising an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Investor/Bidder	Any Bidder in this Issue who intend to Bid/apply through ASBA
ASBA Bid Cum Application Form/ ASBA Form	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being [•]
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Closing Date	The date after which the Syndicate and SCSBs will not accept any Bids for the Issue, which shall be notified in a widely circulated English and Hindi national newspapers, and a regional language newspaper.
Bid-cum-Application Form / Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus including the

Term	Description
	ASBA Bid cum Application Form (if applicable)
Bid/ Issue Opening Date	The date on which the Syndicate and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English and Hindi national newspapers and a regional language newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids including any revisions thereof.
Book Building Process	Book Building Process as provided under Schedule XI of SEBI (ICDR) Regulations, 2009, in terms of which this Issue is being made
Brokers to this Issue	Brokers registered with any recognized Stock Exchanges, appointed by the Members of the Syndicate
BRLM/Book Running Lead Manager	Book Running Lead Manager to this Issue, in this case being [•]
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted in this case being ₹. [•]
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges
Cut-off /Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLM, which can be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid. No other category of Bidders are entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Forms used by the Bidders applying through ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended
Depositories Act	The Depositories Act, 1996, as amended
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and/or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue, which is filed with the SEBI and Stock Exchange. It will become a Red Herring Prospectus issued in accordance with the provisions of Section 60B of the Companies Act after filing with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after determination of the Issue Price
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	Equity shares of our Company of face value of ₹. 10 each unless otherwise specified in the context thereof
Escrow Account	An Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (excluding the Bidders applying through ASBA) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Syndicate Member(s) in relation to the collection of the Bid Amounts and where applicable, refunds of the amounts

Term	Description
	collected to the bidders, (excluding the Bidders applying through ASBA)
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted in this case being ₹. [•]
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
Issue	Further Public Issue of 75,00,000 Equity Shares of ₹. 10 each of Mukesh Udyog Limited ("MUL" or the "Company" or the "Issuer") for cash at a price of ₹. [•] per Equity Share (including a share premium of ₹. [•] per Equity Share) aggregating ₹. [•] lacs (the "Issue"). The Issue will constitute 54.30% of the fully diluted post issue paid up capital of the Company.
Issue Management Team	The team managing this Issue as set out in the Chapter titled 'General Information' in the Draft Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Draft Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Period	The Issue period shall be [•] being the Bid/Issue Opening date, to [•] being the Bid/Issue Closing date
Issue Proceeds	The proceeds of the Issue that will be available to our Company being ₹. [•] Lacs
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion or 1,87,500 Equity Shares which shall be available for allocation on a proportionate basis to Mutual Funds only.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹. 2,00,000
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue i.e. 11,25,000 Equity Shares of ₹.10 each available for allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price
Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the FEMA. Overseas Corporate Bodies are not permitted to invest in this Issue.
Price Band	Being the price band of a minimum price (Floor Price) of ₹. [•] and the maximum price (Cap Price) of ₹. [•] and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and accounts of ASBA Investors for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	<p>"Qualified Institutional Buyer" means:</p> <ul style="list-style-type: none"> (i) a mutual fund, venture capital fund and foreign venture capital investor 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;

Term	Description
	<p>(v) a multilateral and bilateral development financial institution;</p> <p>(vi) a state industrial development corporation;</p> <p>(vii) an insurance company registered with the Insurance Regulatory and Development Authority;</p> <p>(viii) a provident fund with minimum corpus of twenty five crore rupees;</p> <p>(ix) a pension fund with minimum corpus of twenty five crore rupees;</p> <p>(x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</p> <p>(xi) Insurance funds set up and managed by Army, Navy or Air Force of the Union of India</p> <p>(xii) Insurance funds set up and managed by the Department of Posts, India.</p>
QIB Portion	The portion of this Issue being not more than 50% of the Issue, i.e. 37,50,000 Equity Shares of ₹ 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.
Refund Account	The no-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date and from which, refunds, if any, (excluding to the ASBA Bidders) shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or the ASBA process, as applicable.
Refund Bank	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the Chapter titled "Issue Procedure" beginning on page 205 of the Draft Red Herring Prospectus.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than ₹. 2,00,000 in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of the Issue i.e. 26,25,000 Equity Shares of ₹. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particular of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the bid/ Issue Opening date and will become Prospectus after filing with the RoC after determination of the Issue Price
Registrar to the Issue or Registrar	In this case being, Skyline Financial Services Private Limited
Revision Form	The form used by the Bidders, excluding Bidders applying through ASBA, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank (SCSB)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in
Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between our Company, BRLM and the Syndicate Member(s), in relation to the collection of Bids in this Issue
Syndicate Member(s)/Members of the Syndicate	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM in this case being Hem Securities Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of registration of the Bid on the online system of BSE/NSE

Term	Description
Underwriters	The BRLM and the Syndicate Member(s)
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

COMPANY'S RELATED TERMS

Term	Description
"Mukesh Udyog Limited", "MUL", "our Company", "the Company", "the Issuer Company", "the Issuer" "we", "us", and "our"	Unless the context otherwise requires, refers to Mukesh Udyog Limited, a public limited company incorporated under the Companies Act.
Articles/ Articles of Association	The Articles of Association of Mukesh Udyog Limited
Auditors/Statutory Auditors	The Statutory Auditors of our Company namely, M/s. Gupta Vinod Kumar & Associates, Chartered Accountants.
Board / Board of Directors	The Board of Directors of Mukesh Udyog Limited unless otherwise specified or any committee constituted thereof
Memorandum/ Memorandum of Association	The Memorandum of Association of Mukesh Udyog Limited
Objects of the Issue / Project	<p>The present Issue is being made to raise the funds for the following purposes:</p> <ol style="list-style-type: none"> 1) Expansion of Spinning unit from its current capacity of 30,000 spindles to 43,200 spindles 2) Setting up of Hot Rolling Mill facility with an annual capacity of 49,000 TPA 3) Working Capital Requirements 4) Meeting Public Issue Expenses 5) General Corporate Purpose
Promoter(s)	<p>Unless the context otherwise requires, refers to</p> <ol style="list-style-type: none"> 1. Mr. Krishan Chand Gupta 2. Mr. Pardeep Gupta 3. Mr. Sandeep Gupta 4. Mukesh Steels Limited 5. Mukesh Strips Limited 6. Plezer Investments Private Limited 7. Mukesh Industrial Finance Limited
Promoter Director(s)	<p>Unless the context otherwise requires, refers to</p> <ol style="list-style-type: none"> 1. Mr. Krishan Chand Gupta 2. Mr. Pardeep Gupta 3. Mr. Sandeep Gupta

Promoter Group Entities/ Group Companies / Associate Companies	<u>Companies</u> 1. Asharfi Investments Private Limited (AIPL) 2. Jay Ambay Knitters Private Limited (JAKPL) 3. Punjab Ispat Private Limited (PIPL) 4. Akriti Cine Media Private Limited (ACMPL) 5. DBA Switchgears Private Limited (DSPL) 6. Goodluck Travellers Private Limited (GTPL) 7. Kay Cee Ispat Udyog Private Limited (KCIUPL) 8. Matry Mangal Builders Private Limited (MMBPL) 9. Mukesh Alloys Private Limited (MAPL) 10. Odean Enterprises Private Limited (OEPL) 11. Smrati Builders Developers Private Limited (SBDPL) <u>Partnership firm</u> 12. M/s. Krishan Chand Joginder Pal (KCJP)
Registered & Corporate Office of our Company	VPO Buddhewal, Near Kohara Tehsil and District Ludhiana, Punjab - 141 010.
RoC	Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, located at: Corporate Bhawan, Plot No. 4B, Sector 27 B, Madhya Marg, Chandigarh – 160 019

INDUSTRY RELATED TERMS

Term	Description
DG Sets	Diesel Generator Sets
DFIA	Duty Free Import Authorisation
DEPB	Duty entitlement pass book scheme
ETP	Effluent Treatment Plant
EPCG	Export Promotion Capital Goods Scheme
FDI	Foreign Direct Investment
GOI	Government of India
Kg/Ha	Kilograms Per Hectare
FOB	Free on Board
RONW	Return on Net Worth
SITP	Scheme for Integrated Textile Park
Sq. Mtrs.	Square Meters
SITP	Scheme for Integrated Textile Park
SSI	Small Scale Industry
TPA	Tonnes Per Annum
TPD	Tonnes Per Day
TUFS	Technology Upgradation Funds Scheme
WAN	Wide Area Network

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
BRLM	Book Running Lead Manager
BSE	Bombay Stock Exchange Limited
Bn	Billion
CAN	Confirmation of Allocation Note
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Services Tax Appellate Tribunal
CIN	Corporate Identification Number
DSE	Delhi Stock Exchange Limited
DB	Designated Branch
DGFT	Directorate General of Foreign Trade
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identification Number
NECS	National Electronic Clearing System
NSE	The National Stock Exchange of India Limited
EGM	Extraordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
FCL	Foreign Currency Loans
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended, and the rules and regulations issued thereunder
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FPO	Further Public Offering
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol / Government	Government of India
HUF	Hindu Undivided Family
IEM	Industrial Entrepreneur Memorandum
ICAI	Institute of Chartered Accountants of India
ICWAI	The Institute of Cost and Works Accountants of India
INR	Indian National Rupee
IPO	Initial Public Offering
LSE	Ludhiana Stock Exchange Limited
MAPIN	Market Participant and Investor Database
MODVAT	Modified Value Added Tax
MNC's	Multi National Corporations
Mn	Million
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-Resident
NRE Account	Non Resident (External) Account
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account

Abbreviation	Full Form
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
Rs./INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time
UoI	Union of India
WDV	Written Down Value
w.e.f	With effect from

SECTION II - GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from our Company's restated financial statements as of and for the financial years ended March 31, 2006, 2007, 2008, 2009 and 2010 and for the 6 month period ended September 30, 2010, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Statutory Auditors, M/s. Gupta Vinod Kumar & Associates, Chartered Accountants, *beginning on page 134 of the Draft Red Herring Prospectus.*

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

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

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

Market and Industry Data

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

FORWARD LOOKING STATEMENTS

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

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;
- Changes in laws and regulations relating to the industry in which we operate;
- Increased competition in industry/sector 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 including those for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in other countries that may adversely affect us (directly or indirectly), the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- 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 Section titled “Risk Factors” beginning on page 11 of the Draft Red Herring Prospectus*, and Chapters titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements” beginning on pages 91 and 174, respectively of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchange.

SECTION III – RISK FACTORS

An investment in equity shares involves a degree of financial risk. You should carefully consider all information in this DRHP, including the risks described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our business. Any of the following risks, as well as the other risks and uncertainties discussed in this DRHP, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline. In addition, the risks set out in this DRHP may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Note: Unless specified or quantified in the relevant risk factors below, Our Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

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 have material impact in future.

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

RISK FACTORS INTERNAL TO OUR PROJECT AND COMPANY:

- We are involved in a number of legal proceedings which, if determined against us, could adversely affect our business and financial condition.**

Our Company, our Directors, and the Promoter Group concerns are parties to certain legal proceedings. No assurances can be given as to whether these matters will be settled in our favour or against us. A summary of the pending proceedings is set forth below:

Outstanding Litigations of our Company and Group Companies

LITIGATION FILED BY AND AGAINST OUR COMPANY

		(₹. In Lacs)	
Sr. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
LITIGATIONS AGAINST OUR COMPANY			
A) Civil Cases			
1.	Recovery Suit	1	0.31
LITIGATION BY OUR COMPANY			
A) Civil Cases			
1.	Civil cases filed by our company (Recovery Suits)	3	24.31
B) Income Tax Matters			
1.	Petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006	1	Not Quantifiable
LITIGATIONS AGAINST OUR PROMOTERS/DIRECTORS			
	Nil		
LITIGATIONS BY OUR PROMOTERS/DIRECTORS			

1.	Petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006	1	Not Quantifiable
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LITIGATION FILED BY AND AGAINST THE GROUP COMPANIES

1. MUKESH STEELS LIMITED (MSL)

(₹. In Lacs)

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
LITIGATIONS AGAINST MSL			
A) Criminal Cases		3	Not Quantifiable
B) Civil Cases			
1.	Civil cases against MSL	3	46.52
CLAIMS FILED BY MSL			
A) Civil Matters			
1.	Civil cases filed by MSL	3	4.71
B) Compliant filed under Section 138 of the Negotiable Instrument Act, 1881			
1.	Criminal Complaint under section 138 of Negotiable Instrument Act, 1881	1	0.95
C) Income Tax Proceedings			
1.	Petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006	1	Not Quantifiable

2. MUKESH STRIPS LIMITED ("Mukesh Strips")

(₹. In Lacs)

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
LITIGATIONS AGAINST MSL			
A) Civil Cases			
1.	Civil cases against MSTL	2	34.12
B) Notice from Central Excise			
1.	Cenvat credit disallowance	1	0.56
CLAIMS FILED BY MSL			
A) Civil Matters			
1.	Civil cases filed by MSTL	1	--
B) Income Tax Proceedings			
1.	Petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006	1	--
C) Central Excise			
	Disallowance of Cenvat Credit notice by Deputy Commissioner Central Excise	1	0.56

3. MUKESH ALLOYS PRIVATE LIMITED (MAPL)

(₹. In Lacs)

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
LITIGATIONS AGAINST MAPL			
A) Civil Cases			
1.	Civil cases against MAPL	1	34.12
CLAIMS FILED BY MSL			
A) Civil Matters			
1.	Civil cases filed by MAPL	1	--

4. PUNJAB ISPAT PRIVATE LIMITED (PIPL)

(₹. In Lacs)			
No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
B) Income Tax Proceedings			
1.	Petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006	1	--

Any adverse decision may have a significant effect on the Company's business and results of operations. For further details, please refer to the section titled "Outstanding Litigations and Other Material Developments" on page 182 of this Draft Red Herring Prospectus.

2. We are yet to apply for necessary approvals in relation to the proposed project. Any delay in obtaining such approvals can adversely affect the implementation of the project.

Our company is setting up the proposed projects at VPO Buddhewal, Near Kohara Tehsil and Distt. Ludhiana, Punjab and requires various approvals for the same. Any delay in obtaining the necessary approvals can adversely affect implementation of the project thereby causing time & cost over-run and consequently may have an adverse effect on the profitability. The applications for such approvals would be made to the respective authorities at various stages of project implementation. There can be no assurance that our company will receive the approvals on a timely basis. Failure by us to obtain the required permits or approvals may result in the interruption of our operations and may have material adverse effect on our business, financial condition and result of operations. For further details regarding statutory approvals please refer to the section "Government and other Approvals on page 188 of this DRHP.

3. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our expected revenues and earnings.

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our project expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

4. The balance Working Capital requirement is not firmly tied up and the delay or failure to tie-up can affect our operations and financial performance adversely.

Additional working capital requirements has been estimated at ₹ 2168.07 lacs, for FY 2011-12, out of which, ₹. [●] lacs is to be funded from the issue proceeds and the balance amount of ₹. [●] lacs would be arranged by way of borrowings from banks. As of date our company has not tied up for working capital requirement for the proposed projects. In case we are not able to tie up for the Working Capital Requirement, our operations and financial performance will be adversely affected.

5. The Registered office of the company is not owned by the company and is taken on lease.

Registered office of the company situated at V.P.O Buddhewal, Near Kohara, Ludhiana is not

owned by the company and the same is on lease for 20 years w.e.f 7th March 2000 from Mr. Krishan Chand Gupta, Mr. Pardeep Gupta, Mr. Sandeep Gupta, Mr. Deepak Gupta and Smt. Simla Rani for lease rent of ₹ 2,10,000 per annum.

6. We have not yet placed orders for Plant and Machinery aggregating ₹ 3,613.79 Lacs required by us. Any delay in placing the orders/ or supply of plant and machinery may result in time and cost overruns, and may affect our profitability.

We have not yet placed orders for plant and machinery including Miscellaneous Fixed Assets aggregating ₹ 3613.79 Lacs required by us which constitutes 80.48 % of the total plant and machinery required. We are further subject to risks on account of inflation in the price of plant and machinery. Our Company has received quotations for these machineries, and negotiations with the vendors have commenced. The details of quotations received appear under the Section titled 'Objects of the Issue' beginning on page 51 of the Draft Red Herring Prospectus. Since the funding for the plant and machinery is solely from the Public Issue proceeds, any delay in access to Public Issue proceeds would eventually delay the process of placing the orders. The purchase of plant and machinery would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers' end in providing timely delivery of these machineries, which in turn may delay the implementation of our project.

7. The proposed project at Buddhewal area is to be financed from the proceeds of the proposed further public offer. Any delay in raising funds from the Issue may have adverse impact on the performance of the company.

Our proposed project is proposed to be substantially funded from the proceeds of this Issue. The overall project cost is ₹. [●] Lacs and which is proposed to be funded out of the proceeds of the issue. For details please refer the section "Objects of the Issue" on page 51 of this Draft Red Herring Prospectus. Any delay or failure of the same, may adversely impact the implementation of the project, since we have not made any alternate arrangements for funds.

8. Our new Project is dependent on performance of external agencies and non performance by them may lead to delay in project implementation and may adversely affect our business and profitability.

Our Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant & machinery and supply & testing of equipments. We cannot assure 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 with respect to timeline and quality of performance, we may be required to replace these external agencies, which could result in incremental cost and time overruns of the Project, and in turn could adversely affect our business operations and profitability.

9. We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our financial condition.

Our Company intends to import some plant & machineries. Since the cost of these plants & machineries are denominated in foreign currency, any adverse fluctuations in the exchange rate of foreign currency for Indian Rupee could adversely affect our financial condition and operations. We have not hedged our risks against foreign exchange fluctuations in this regard.

10. We have not yet received the following permissions for 31,56,400 Equity Shares, issued as bonus on November 27, 2010:

- 1) Listing and Trading Permission from DSE and
- 2) Trading Permission from LSE.

We are in the process of obtaining the required approvals from DSE and LSE.

11. We have certain financial high indebtedness which could adversely affect our financial condition and results of operations and Further we may not be able to

meet our obligations under the debt financing agreements.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds. For details of our outstanding loans please refer to the section titled "Financial Information" beginning on page 134 of this DRHP.

In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations.

12. The trading of our Equity Shares was suspended from trading from DSE w.e.f. January 08, 2002 and LSE w.e.f. November 2, 2001 for non compliance of with the provisions of the listing agreement, namely Clause 16, 20, 31A, 31C, 35, 41, 47C, 49 and Secretarial Audit Report, non-payment of listing fees and non receipt of the disclosures under regulation 7(1), 7(2) and 8(3) of the SEBI (SAST) Regulations, 1997. The suspension was has been revoked by LSE w.e.f. November 22, 2007 and DSE w.e.f. December 20, 2007.

13. In the past the trading in the shares of our Promoter Company, Mukesh Steels Limited was suspended on BSE, DSE and LSE for non compliance with the provisions of the listing agreement.

The trading in the equity shares of Mukesh Steels Limited was suspended due to non compliance with following provisions of the listing agreement:

BSE: Clause 35

DSE: Clauses 16, 20, 31, 35, 41, 47c and secretarial audit

LSE: Clauses 16, 20, 31, 35, 41, 47c, secretarial audit, listing fees and non receipt of disclosure under SEBI(SAST) Regulations, 1997 under clauses 7(1), 7(3) and 8(3).

The suspension of trading was revoked by the Stock Exchanges. The dates when the trading was suspended and the data of revocation of suspension of trading in the shares are as under:

Name of Stock Exchange	Date of Suspension of Trading	Date of Revocation of Trading
BSE	December 21, 2004	October 16, 2006
DSE	January 08, 2002	October 19, 2007
LSE	November 2, 2001	July 04, 2007

14. The trading of Equity Shares of Mukesh Strips Limited was suspended from trading from DSE w.e.f. January 08, 2002 and LSE w.e.f. November 2, 2001 for non compliance of with the provisions of the listing agreement, namely Clause 16, 20, 31, 35, 41, 47C, 49 and Secretarial Audit Report, non-payment of listing fees. The suspension was revoked by LSE w.e.f. July 28, 2008 and DSE w.e.f. September 09, 2008.

15. We are dependent on a number of key personnel and the loss of such key persons and our inability to attract and retain such talented professionals in the future, could affect us adversely.

The Company believes that its success depends on its continued ability to retain and attract skilled and experienced executive personnel. While the Company has retained its key management personnel in the past, should it fail to retain them in future, it may find it difficult to

find suitable replacements with similar knowledge and experience. The Company is dependent on its ability to identify, hire, train, manage and retain skilled technical and management personnel and it may face a risk in realizing its business objectives in the event of attrition of key managerial personnel.

16. Currently, we have an aggregate outstanding export obligation of US\$ 125407 which needs to be fulfilled. Failure to meet export obligation would entail payment of the amount of duty saved together with interest.

Currently, we have an aggregate outstanding export obligation of US\$ 125407 under EPCG Licenses which needs to be fulfilled. As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India. Our profitability will be affected to the extent of the amount paid to the Government on account of our failure to meet the export obligations.

17. There may be increase in input costs which may impact our profit margins adversely.

The Company may not be able to pass on increase in the raw material and other direct costs, if any, to its customers. Also, in the past, as a result of increase in input costs, the Company's profit margins have varied and the Company can provide no assurances that (a) in future, input costs will not increase (b) it will be in a position to pass through increases, if any, to its customers and (c) present profit margins of the Company, will improve or will not be adversely affected.

18. We are dependent on third-party transportation providers for the supply of raw materials and delivery of products.

We normally use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our customers. Transportation strikes by members of various Indian Truckers' Unions happening in the future can have an adverse effect on our receipt of supplies and our ability to deliver our finished products. In addition, transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business and results of operations.

19. Our Company has a negative cash flow, details of which are given below. Sustained negative cash flow could impact our growth and business.

(₹. in Lacs)		
Particulars	March 31, 2010	September 30, 2010
Cash flow from investing activities	(1289.54)	(726.31)

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

20. We have certain contingent liabilities, which have not been provided for. Crystallization of any of these contingent liabilities may adversely affect our financial condition.

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

(₹. In Lacs)	
Nature of Liability	As on 30.09.10
LC Outstanding	509.41

In the event any of these contingent liabilities gets crystallized, our financial condition may be adversely affected.

21. Some of the Promoter Group Entities have incurred losses in the last three years. Sustained financial losses by our Group Companies may not be perceived positively by external parties such as customers, bankers, suppliers etc, which may affect our credibility and business operations.

The following Promoter Group Companies/Entities have incurred losses in one or more of the last three years:

(₹. In Lacs)			
Name of the Company	FY 2008	FY 2009	FY 2010
GROUP COMPANY			
Asharfi Investments Private Limited	-0.01	-0.30	-0.01
Jay Ambay Knitters Private Limited	-0.01	-0.01	-0.01
Akriti Cine Media Private Limited	-0.01	-0.12	-0.01
DBA Switchgears Private Limited	-0.01	-0.32	-0.01
Goodluck Travellers Private Limited	-0.01	-0.01	-0.01
Kay Cee Ispat Udyog Private Limited	-0.01	-0.20	-0.01
Matry Mangal Builders Private Limited	-0.01	-0.01	-0.01
Mukesh Alloys Private Limited	-0.01	-0.16	-0.01
Odean Enterprises Private Limited	-0.14		
Smrati Builders Developers Private Limited	-0.01	-0.06	
PARTNERSHIP CONCERNS			
M/S. Krishan Chand Joginder Pal	(4.95)	(48.42)	(0.29)

22. Possible conflict of the business with our Promoter Group Entities

Our Company and our Promoter Group Entities are currently engaged in the business of iron and steel and have similar objects. There are no non-compete agreement in place between our Promoter Group Entities and us. Our Promoter Group Entities may compete with us. There may be conflicts of interest between Promoter Group Entities, and our Company. For more details on Promoter Group Entities, please refer to the section titled “Financial Information of our Group Companies/Ventures” beginning on page 158 of this Draft Red Herring Prospectus.

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

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

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

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

25. Our company do not have any trademark under the Trade Marks Act, 1999.

Currently, we do not have a registered trademark over our name and logo under the Trade Marks Act, 1999, and consequently do not enjoy the statutory protections accorded to a trademark registered in India and cannot prohibit the use of such logo by our Subsidiaries, Group Companies and third parties by means of statutory protection. This in turn could adversely affect the goodwill of our Company.

26. We utilize one property on a leasehold/license basis and any termination of these leases/licenses and/or non-renewal could adversely affect our operations.

One of the properties used by us as our factory premises has been taken on leasehold basis. Any termination of these leases/ licenses whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt our functioning and adversely affect the business operations. For details please refer to the section titled "Property" beginning on page 102 of this DRHP

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

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

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

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

29. Certain unsecured loans taken by our Company may be recalled by our lenders at any time affecting adversely our Cash Flow.

Unsecured loans amounting to ₹. 371.18 lacs outstanding as on September 30, 2010 taken by our Company may be recalled by our lenders at any time. For further details, please refer to the section "Unsecured Loans" under "Financial Statements" on page 134 of this DRHP.

30. There are certain restrictive covenants in the loan agreements of banks in respect of the Term Loans and Working Capital facilities availed by us.

Banks have sanctioned loans to our company in pursuance of their respective sanction letters. We would be subject to usual and customary restrictive covenants of the term loans and working capital facilities availed by us. Following are some of the major restrictive covenants, which are material in nature:

- Effect in any change in our capital structure
- Declare dividends for any year except out of profits relating to any financial year.
- Invest by way of share capital or debenture of other companies
- Effect any change in Promoter Director or in the core management team.

In the event that such lenders, in the future decline to consent or delay in granting the consent to our plans of expansion/modernization/diversification of our business, such declination or

delay as the case may be may have adverse bearing on our future growth plan. For further details about the facilities availed by us from our lenders, please refer to Annexure X under the chapter "Auditors' Report And Financial Information of Our Company" beginning on page 134 of the Draft Red Herring Prospectus.

31. There has been no trading of our Equity Shares on the DSE & LSE thereby depriving of liquidity to the shareholders/investors. Shareholders/Investors dealing on these exchanges may face difficulties in trading the Equity Shares held by them.

32. Any change in preferences for our products by our customers or inability of our company to meet these preferences could adversely affect our operations and financial conditions.

Evolving industry standards, changing customer preferences and new product introductions have an important bearing on the Company's business. The Company's success depends on its ability to keep pace with these changes. The Company may not successfully address these developments on a timely basis, and even if addressed, the Company's products may not be successful in the market place. In addition, products developed by competing companies may make the Company's products less competitive. In the event of changes in customer preferences not envisaged by the Company, it may have to alter or modify its production processes, invest in new capacities and/or alter its marketing and distribution strategies, any or all of which may involve significant investment of capital and management resources, which, in turn, could hamper the ability of the Company to meet its present growth objectives.

33. Our Company may face risks arising from any disproportionate increase in labour costs including in relation to increased wage/salary demands, labour unrest, or claims arising from accidents. Though in the past, we have not experienced any labour/manpower unrest in our organisation due to the factors mentioned above, we cannot assure you that such unrest will not occur in the future, as a result of which our business operations and financial performance may be adversely impacted.

As on the date of filing the DRHP, our Company has manpower strength of 226 employees. Our employee strength may increase with increase in our operations. At present, our Company's workmen are not represented by any labour unions. Though in the past, we have not experienced any labour/manpower unrest in our organization there is no assurance that we will not experience future disruptions to its business operations due to problems with its workforce. In FY 2010, the staff cost has substantially increased out of our Company's total cost of operations. In the event the cost of labour continues to increase, we may be unable to pass on the additional increase to our customers due to market conditions and pricing pressure from our competitors. This would result in our Company being required to absorb the additional increase in cost, which may have a material adverse effect on our profitability. Any upward revision of the prescribed minimum wage or other benefits required to be paid to our workers (including in the event of injuries or death sustained in course of employment, dismissal or retrenchment), or unavailability of the required number of labour in future, may adversely affect the revenues and operations of our Company.

34. Demand for our products may decrease during an economic recession and may adversely affect our profitability and financial condition

The Yarn industry and iron and steel industry has experienced cyclical fluctuations in financial results due to economic recession, downturns in business cycles of our customers, price increases by carriers, interest rate fluctuations, and other economic factors beyond our control which may adversely affect the revenues and operations of our Company.

35. Our insurance cover may not adequately protect us against all material hazards.

We have various insurance policies covering stocks, building, furniture, plant and machinery, etc. We believe that we have insured ourselves against the majority of the risks associated with our business. Our significant insurance policies provide cover for risks relating to physical loss, theft or damage to our assets, as well as business interruption losses. In addition we have obtained

separate insurance coverage for personnel related risks for some of our personnel. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

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

During the course of our business, we have entered into certain transactions with related parties, aggregating to ₹. 672.65 Lacs for the period ended September 30, 2010. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have obtained more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details related to such transactions refer to section titled 'Financial Statements'- Related Party Transactions beginning on page 149 of this DRHP.

37. Our business requires high working capital. In case there are insufficient cash flows to meet our requirement or our inability to arrange the same from other sources, there may be an adverse impact on the results of our operations.

Our business demands substantial fund and non-fund based working capital facilities. In case there is insufficient cash flows to meet our working capital requirement or our inability to arrange the same from other sources or due to other factors including delay in disbursement of arranged funds, resulting in our inability to finance our working capital needs when needed or there is any increase in interest rate on our borrowings, it may adversely affect our performance.

38. Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of products, which could harm our business.

We monitor our inventory levels based on our own projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we must make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability/surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. There may be more than one such inaccurate forecasts in one season. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

39. Promoters have not paid dues payable towards Credit Card

Mr. Krishan Chand Gupta and Mr. Sandeep Gupta has not paid dues payable towards Credit Card amounting to ₹ 32127/- and ₹ 10760 respectively and the said amount has been written off.

40. Our Company did not comply with Section 383A of the Companies Act, 1956 regarding the appointment of Whole time Company Secretary. Such non-compliances may result in penalties or other action on our Company by the statutory authorities.

Our Company did not comply with Section 383(A) of the Companies Act, 1956 regarding the appointment of Whole time Company Secretary for the period from 01.06.1995 to 30.01.2007

and from 01.09.2008 to 26.05.2010. No action has been initiated or taken by any statutory authority for the above non compliance. Further, our company appointed Ms. Navneet Saharan on 1.10.2010 as a full time Company Secretary.

EXTERNAL RISK FACTORS

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

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

42. Any disruption in the supply of power, IT infrastructure, telecom lines and disruption in internet connectivity could disrupt our business process or subject us to additional costs.

Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure, internet connectivity or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could lead to decline in the price of our Equity Shares.

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

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely affect our business and our results of operations.

44. Outbreak of contagious diseases in India may have a negative impact on the Indian industry.

Recently, there have been threats of epidemics, including the H1N1 virus that causes "swine flu" and which the World Health Organization has declared a pandemic, in the Asia Pacific region, including India, and in other parts of the world. If any of our people are suspected of having contracted any of these infectious diseases, we may be required to quarantine such people or the affected areas of our facilities and temporarily suspend part or all of our operations which would have a material adverse effect on our business, prospects, financial condition and results of operations and could cause the price of our Equity Shares to decline.

45. Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.

Terrorist attacks and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

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

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Perceptions about our future performance or the performance of Textile and iron & steel companies generally;
- Performance of the Company's competitors in the Textile and iron & steel Industry and market perception of investments in the Indian Textile Industry;
- Adverse media reports on our Company or the Textile and iron & steel Industry;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

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

The Issue Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors (For further information please refer Chapter titled "Basis for Issue Price" beginning on page 65 of the Draft Red Herring Prospectus.) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sale your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

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

PROMINENT NOTES

1. Further Public Issue of 75,00,000 Equity Shares of ₹. 10 each of Mukesh Udyog Limited ("MUL" or the "Company" or the "Issuer") for cash at a price of ₹. [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating ₹. [●] lacs (the "Issue"). The Issue will constitute 54.30% of the fully diluted post issue paid up capital of the Company.
2. The pre-issue Net Worth of our Company was ₹.1811.15 lacs as per our restated audited financial statements as on March 31, 2010. The pre-issue Net Worth of our Company was ₹. 2153.03 lacs as per our restated audited financial statements as on September 30, 2010.
3. The average cost of acquisition of equity shares by our promoters is:

Name of the Promoter	Average Cost (₹.)
Mr. Krishan Chand Gupta	4.17
Mr. Pardeep Gupta	5.00

Mr. Sandeep Gupta	5.00
Mukesh Steels Limited	5.00
Mukesh Strips Limited	5.00
Mukesh Industrial Finance Limited	5.00
Plezer Investment Private Limited	5.00

4. Book value per Equity Shares (of face value ₹ 10/-) of our Company, as per our restated audited financial statements as on September 30, 2010 was ₹ 57.85.
5. Trading in equity shares of our Company for all the investors shall be in dematerialized form only.
6. Other than what is stated under the head “Capital Structure” beginning on Page 40 of this DRHP, our company has not issued any shares for consideration other than cash.
7. For details on Related Party Transactions refer to the chapter titled “Related Party Transactions” page 149 of this DRHP.
8. Investors are free to contact the BRLM or the Compliance Officer for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this DRHP.
9. All information shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page no 65 of this DRHP before making an investment in this Issue.
11. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% of the QIB Portion (excluding Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a 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 at or above the Issue Price
12. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
13. Investors are advised to refer to the paragraph ‘Basis for issue price’ on page no. 65 before making an investment in this Issue.
14. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled “Issue Procedure” beginning on page no. 205 of this DRHP.

15. Our Company and the BRLM will update the Offer Document in accordance with the Companies Act, 1956 and the SEBI (ICDR) Regulations, 2009 and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.
16. Our promoters, their relatives and associates, promoter group and our directors have not entered into any of the transactions in our Equity Shares directly or indirectly in the past six months except as are mentioned under notes to the capital structure beginning on page no. 40 of this DRHP.
17. There were no transactions in the securities of Company during preceding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons.
18. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report on Page 134 of this DRHP.
19. Company was incorporated on August 24, 1994, as "M.S. Finvest Limited" under the provisions of the Companies Act, 1956 with Registrar of Companies, Punjab, H.P. & Chandigarh and subsequently, the name of our Company changed to "Amit Udyog Limited" on April 19, 1999 vide a fresh certificate of incorporation. Further the name of the company was changed to Mukesh Udyog Limited on December 14, 2001. For details of the change in name, see "History and certain Corporate Matters" on page 107 of this DRHP.
20. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Company.

SECTION IV - INTRODUCTION

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in the Draft Red Herring Prospectus. Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, please refer to Chapters titled "Forward Looking Statements" and "Presentation of Financial Information and Use of Market Data" beginning on page 10 & 9 respectively of the Draft Red Herring Prospectus.

SUMMARY ABOUT THE INDUSTRY

INDIAN TEXTILE INDUSTRY

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4 percent to the GDP, and 17% to the country's export earnings. It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textiles industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sectors form the largest section of the Textiles

The major sub-sectors that comprise the textiles sector include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-made Fibre / Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

According to the Minister for Textiles, Mr Dayanidhi Maran, around US\$ 5.35 billion of foreign investment is expected to be made in India in the textile sector over the next five years.

The textiles industry has attracted foreign direct investment (FDI) worth US\$ 817.26 million between April 2000 and March 2010, according to data released by the Department of Industrial Policy and Promotion.

(Source: <http://www.ibef.org>,

http://www.ibef.org/artdispview.aspx?in=73&art_id=26095&cat_id=123&page=2)

ORGANISED COTTON/ MAN - MADE FIBRE TEXTILES INDUSTRY

The Cotton/ Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on 31.10.2009, there were 1834 cotton/manmade fibre textile mills (non-SSI) in the country with an installed capacity of 37.07 million spindles, 4,89,718 rotors and 56,524 looms.

Production of Spun Yarn

(In Mn Kg)

Year	Cotton Yarn	Blended Yarn and 100% non-cotton yarn	Total Spun Yarn
2005-06	2521	937	3458
2006-07	2824	989	3813
2007-08	2948	1055	4003
2008-09	2898	1016	3914
2009-10(P) (April-Oct)	1744	627	2371

P-Provisional

The data on production of cloth in the mills during the past seven years and the current year is given below:

Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (P)	2009-10 (April-Oct)(P)
Cotton	1019	969	1072	1192	1305	1249	1259	726
Blended	263	253	243	252	330	422	426	245
100% Non Cotton	214	212	211	212	111	110	111	64
Total	1496	1434	1526	1656	1746	1781	1796	1035

P-Provisional

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

MAN- MADE STAPLE FIBRE AND FILAMENT YARN INDUSTRY

The industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles, while the non-cellulosic industry is under the control of Ministry of Chemicals and Fertilizers (Department of Chemicals and Petro-Chemicals).

The production of man-made staple fibre industry which decreased by 14% in 2008-09 as compared to 2007-08 is expected to increase by 19% during 2009-10. The production of all the Manmade staple fibres except polypropylene staple fibre are expected to record a positive growth in 2009-10 as compared to previous year. Viscose, Polyester and Acrylic staple fibre are expected to increase by 29%, 16%, 20% respectively while Polypropylene staple fibre is expected to decrease by about 6% in 2009-10.

The total production of man-made filament yarn is expected to increase by 7% during 2009-10. The production of viscose, nylon and polyester filament yarn are expected to increase by 1%, 6% and 8% respectively while for polypropylene filament yarn, is expected to decrease marginally by 1% during 2009-10. The installed capacity and details of production of man-made staple fibre and filament yarn are given at table 5.4.

INDIAN IRON AND STEEL INDUSTRY

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.

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

Production, consumption and growth of steel

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 growth was driven by capacity expansion from 47.99 million tonne per annum (mtpa) in 2004-05 to 72.76 mtpa in 2009-10 (upto December 2009). Crude steel production grew at a CAGR of 8.6 per cent during the five years, 2004-05 to 2008-09. Production for sale of total finished steel at 57.16 million tonne during 2008-09 as against 43.51 million tonne in 2004-05 at average annual growth rate of 7%. With growth in production for sale lagging behind consumption growth, India has turned into a net importer of finished steel in 2007-08. Exports have also declined to ensure greater domestic availability.

Global ranking of Indian steel

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

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

Foreign investments and private sector participation

Domestic and foreign investors have shown a great deal of interest in setting up steel capacities in the country. Prospective investors include the existing public sector as well as private sector manufacturers, reputed foreign manufacturers, sponge iron makers going in for forward integration, as well as small rolling mills trying to get into backward integration, among others.

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

SUMMARY ABOUT OUR COMPANY'S BUSINESS

We are an ISO 9001:2000 certified Company engaged in the business of manufacturing of Acrylic, Polyester, Polyester Cotton and Cotton, combed and carded yarns. The yarns produced by our Company are used for made ups in apparels, hosiery & garment industry.

We have current installed capacity of 30,000 spindles for acrylic, cotton blended and polyester yarns. We gradually increased the manufacturing capacities to fulfill the requirements of the domestic markets.

Our Company is expanding the capacity of our existing spinning unit by setting up a new facility of 13,200 spindles at our existing location at VPO Buddhewal, Near Kohara Teh. and Dist. Ludhiana for manufacturing of cotton and synthetic yarn.

Recently we have commissioned a facility at our existing location for manufacturing steel billets, with an annual capacity of 49,000 TPA. The commercial production for the steel billet unit was started with effect from September 30, 2010

BRIEF DETAILS OF THE ISSUE

Equity Shares offered: Fresh Issue by our Company	75,00,000 Equity Shares of face value of ₹ 10 each aggregating ₹ [•] Lacs
Issue Price	₹ [•] per Equity Share
Issue to the Public	75,00,000 Equity Shares of face value of ₹ 10 each aggregating ₹ [•] Lacs
<u>Of which:</u>	
(A) Qualified Institutional Buyers portion (QIBs)	37,50,000 Equity Shares of face value of ₹ 10 each constituting not more than 50% of the Issue to the Public (Allocation on a proportionate basis)
	Of the above 37,50,000 Equity Shares, 1,87,500 Equity Shares shall be available for allocation to Mutual Funds
	The balance 35,62,500 Equity Shares shall be available to all QIBs, including Mutual Funds
(B) Non-Institutional Portion	11,25,000 Equity Shares of face value of ₹ 10 each constituting not less than 15% of the Issue to the Public (Allocation on a proportionate basis)
(C) Retail Portion	26,25,000 Equity Shares of face value of ₹ 10 each constituting not less than 35% of the Issue to the Public (Allocation on a proportionate basis)
Note: Under-subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the sole discretion of our Company and the BRLM.	
Equity Shares outstanding prior to the Issue	63,12,800 Equity Shares of face value of ₹ 10 each
Equity Shares outstanding after the Issue	1,38,12,800 Equity Shares of face value of ₹ 10 each
Use of Issue proceeds	<i>Please refer to the Section titled "Objects of the Issue" beginning on page 51 of the Draft Red Herring Prospectus for additional information.</i>

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the report of our Statutory Auditor, M/s. Gupta Vinod Kumar & Associates, Chartered Accountants, dated March 20, 2011 in the Section titled 'Financial Information'. You should read this financial data in conjunction with our financial statements for each of Financial Years 2006, 2007, 2008, 2009 and 2010 and for the six months period ended September 30, 2010, including the notes thereto and the reports thereon, which appears under the Section titled "Financial Information" and Chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" beginning on pages 134 and 174 of the Draft Red Herring Prospectus.

Summary statement of Assets & Liabilities, as restated

(₹. In Lacs)

Sr. No.	Particulars	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
A.	Assets						
	Fixed assets:-						
	Gross Block	7601.68	5636.90	5617.75	3512.73	1742.58	1741.74
	Less : Depreciation	1889.77	1642.07	1149.21	742.71	575.01	414.17
	Net Block	5711.90	3994.83	4468.54	2770.02	1167.57	1327.57
	Capital Work In Progress	0.21	1205.91	17.16	536.73	11.52	11.52
	Capital Advances	181.06	213.81	132.07	435.45	245.53	5.61
	Sub Total (A)	5893.17	5414.55	4617.77	3742.21	1424.62	1344.71
B.	Investments (B)	57.03	57.03	57.12	45.12	44.53	39.16
C.	Current Asset and Loan & Advances:-						
	Inventories	1226.06	892.20	610.46	431.61	216.22	207.04
	Sundry debtors	1598.35	1065.79	884.37	437.35	180.24	118.27
	Cash and bank balance	253.94	221.48	6.75	38.96	62.52	18.11
	Loans and advances	1042.16	832.49	1289.48	710.90	332.27	348.63
	Sub Total (C)	4120.50	3011.96	2791.06	1618.82	791.25	692.05
D.	Misc. Exp. Prel. /Public Issue Exps.	-	-	-	-	-	-
E	Total Assets (A+B+C+D)	10070.69	8483.54	7465.95	5406.14	2260.40	2075.91
	Current Liabilities & Provisions						
	Liabilities	2022.45	1043.80	1204.22	1001.65	226.55	215.55
	Provisions	88.13	109.21	47.88	42.04	57.74	18.32
F	Total Current Liabilities (E)	2110.58	1153.01	1252.09	1043.69	284.29	233.86
	Other Liabilities & Provisions						
	Secured Loans	4637.63	4279.15	3743.50	2725.53	793.65	478.69
	Unsecured Loan	371.18	512.08	358.18	253.43	56.42	347.05
G	Sub total (F)	5008.81	4791.23	4101.69	2978.96	850.06	825.74
H	Share Application Money (G)	380.00**	380.00	365.00	0.00	0.00	48.00
I	Deferred tax liability (H)	418.28	348.15	361.04	192.55	138.60	122.17
J	Total Liabilities (E+F+G+H)	7917.66	6672.39	6079.82	4215.20	1272.95	1229.77
	Net Worth (E-J)	2153.03	1811.15	1386.13	1190.95	987.45	846.14
	Represented by						
	Share Capital:-						

K	Equity Shares Capital	315.64	315.64	315.64	315.64	315.64	315.64
L	Preference Shares Capital	327.00	327.00	327.00	327.00	326.51	268.51
M	Reserves & Surplus	1510.39	1168.51	743.49	548.31	345.30	261.99
	Net Worth	2153.03	1811.15	1386.13	1190.95	987.45	846.14

** The Company has refunded the share application money in March 2011.

Summary statement of Profit & Loss, as restated

(₹. In Lacs)

Sr. No.	Particulars	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
A.	Income:-						
1	SALES						
	Of Products Manufactured by the Issuer	2930.27	5755.80	3337.41	2230.03	2449.61	2524.21
	Of Products Traded in by the Issuer	3392.97	6917.30	10473.98	5165.14	2107.61	1131.13
	Total Sales (Net of Excise Duty)	6323.24	12673.10	13811.39	7395.17	4557.22	3655.33
2	Other Income	37.09	46.88	21.00	29.29	1.48	14.99
	(Increase)/Decrease in Inventory	331.14	283.09	173.47	203.49	10.78	-39.16
	Total Income (A)	6691.47	13003.07	14005.86	7627.95	4569.49	3631.16
B.	Expenditure						
1	RM Consumed	5248.11	10748.04	12336.68	6664.24	3752.80	2760.76
2	Manufacturing Expenses	425.30	777.28	464.89	322.45	340.39	365.32
3	Personnel Expenses	46.74	91.95	79.39	45.35	49.52	28.06
4	Administration and Other Charges	20.36	32.95	31.95	25.37	21.68	19.57
5	Repair and Maintenance	1.92	8.53	6.91	4.84	4.68	5.70
6	Selling & Dist. Exps.	63.66	68.28	33.60	15.18	19.83	13.76
7	Interest & Financial Expenses	137.54	291.72	234.38	83.83	62.23	58.95
8	Depreciation	247.70	492.86	406.50	167.70	160.84	154.33
	Total Expenditure (B)	6191.33	12511.61	13594.30	7328.95	4411.97	3406.44
	Net Profit before tax and extraordinary items (A-B)	500.14	491.46	411.56	299.00	157.52	224.73
D	Provision for taxation on income:						
	Current tax	88.13	79.34	47.17	41.37	57.36	18.68
	Fringe benefit tax	-	-	0.71	0.67	0.42	0.17
	Deferred tax	70.13	-12.90	168.49	53.95	16.43	69.06
	Net Profit after tax and before extraordinary items	341.88	425.02	195.18	203.01	83.31	136.82
	Extraordinary items	-	-	-	-	-	-
F	Net Profit after extraordinary items	341.88	425.02	195.18	203.01	83.31	136.82
G	Add:						
	Balance b/forward	1168.51	743.49	548.31	345.30	261.99	125.17
	Balance carried to balance sheet	1510.39	1168.51	743.49	548.31	345.30	261.99

Summary statement of Cash Flow, as restated:

(₹. In Lacs)

Particulars	Period ended	Year ended	Year ended	Year ended	Year ended	Year ended
	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Cash Flows from Operating Activities						
Net Profit before tax and extra ordinary items	500.14	491.46	411.56	299.00	157.52	224.73
Adjustments for: -						
Depreciation	247.70	492.86	406.50	167.70	160.84	154.33
Interest expenses	116.09	271.64	224.29	70.87	51.28	55.64
Operating profit before Working Capital Changes	863.93	1255.97	1042.35	537.57	369.63	434.69
Adjustment for changes in working capital						
(Increase)/Decrease in Trade and Other Receivables	(742.24)	275.56	(1025.61)	(635.75)	(45.61)	44.68
(Increase)/Decrease in Inventory	(333.85)	(281.75)	(178.84)	(215.39)	(9.19)	41.49
Increase/(Decrease) in Trade Payables and Other liabilities	957.57	(99.08)	208.40	759.40	50.43	33.93
Cash Generated from Operating Activities	745.40	1150.71	46.30	445.83	365.26	554.79
Interest Paid	(116.09)	(271.64)	(224.29)	(70.87)	(51.28)	(55.64)
Direct Taxes	(88.13)	(79.34)	(47.88)	(42.04)	(57.78)	(18.85)
Net Cash From Operating Activities (A)	541.19	799.73	(225.87)	332.93	256.20	480.30
Cash Flows from Investing Activities						
Purchase of fixed assets	(1964.77)	(19.15)	(2105.02)	(1770.15)	(0.84)	(114.52)
Capital Work in Progress	1205.70	(1188.75)	519.57	(525.21)	0.00	(5.32)
Capital Advances	32.76	(81.74)	303.38	(189.92)	(239.91)	1.72
Proceed from sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of Investment	0.00	0.00	(12.00)	(0.60)	(5.37)	0.00
Sale of Investments	0.00	0.10	0.00	0.00	0.00	0.00
Net Cash from Investing Activities (B)	(726.31)	(1289.54)	(1294.07)	(2485.88)	(246.12)	(118.12)
Cash Flow from Financing Activities						
Proceeds from Long Term Borrowings	477.88	1034.34	1332.41	1737.62	242.30	6.56
Repayment of Long Term Borrowings	(231.26)	(587.50)	(66.77)	(494.53)	(120.20)	(103.43)
Proceeds from Short term borrowings	111.86	242.70	845.01	1241.34	299.12	0.00
Repayment of Short term borrowings	(140.90)	0.00	(987.91)	(355.54)	(396.89)	(315.68)
Proceed from issue of share capital	0.00	0.00	0.00	0.49	10.00	0.00
Proceeds from Share Application Money	0.00	15.00	365.00	0.00	0.00	48.00
Cash From Financing Activities (C)	217.58	704.54	1487.74	2129.39	34.33	(364.55)
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	32.46	214.73	(32.20)	(23.57)	44.41	(2.37)
Cash & Cash Equivalents as at beginning	221.48	6.75	38.95	62.52	18.11	20.48
Cash & Cash Equivalents as at end	253.94	221.48	6.75	38.95	62.52	18.11

GENERAL INFORMATION

Our Company was incorporated as M.S. Finvest Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 24, 1994. The name of our Company was changed to Amit Udyog Limited *vide* a fresh Certificate of Incorporation dated April 19, 1999. Further the name of our Company was changed to its present name "Mukesh Udyog Limited" *vide* a fresh certificate of incorporation dated December 14, 2001. The Corporate Identification Number of our Company is L65921PB1994PLC14976.

Registered Office: VPO Buddhewal, Near Kohara Teh. and Dist. Ludhiana, Punjab - 141 010, India;

Tel. No: +91 161 284 3425, **Fax No:** +91 161 284 8742

Email: fpo@mukeshudyog.com; **Website:** www.mukeshudyog.com;

Contact Person: Ms. Navneet Saharan; Compliance Officer, Company Secretary and CFO

Company Registration No: 14976; **Corporate Identification No:** L65921PB1994PLC14976

Our Company is registered with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

Address: Corporate Bhawan, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh – 160 019;

Tel No: +91 172 263 9415/263 9416;

Fax No: +91 172 263 9416;

Email: roc.chandigarh@mca.gov.in

For details of change in name and registered office, *please refer to the Chapter titled "History and Other Corporate Matters" beginning on page 107 of the Draft Red Herring Prospectus.*

Board of Directors

Our Board of Directors comprises the following:

NAME, ADDRESS AND DIN OF THE DIRECTOR	DESIGNATION	STATUS
Mr. Krishan Chand Gupta (70 years) 508- B Aggar Nagar, Ludhiana -141001 Punjab DIN: 00057030	Chairman	Non Executive & Non Independent
Mr. Pardeep Gupta (44 years) 508- B Aggar Nagar, Ludhiana-141001 Punjab DIN: 00159858	Managing Director	Managing Director
Mr. Sandeep Gupta (42 years) 521- B Aggar Nagar, Ludhiana -141001 Punjab DIN: 00159814	Director	Non Executive & Non Independent
Mr. Ashok Gupta (52 years) 68-A, Tagore Nagar, Ludhiana- 141001, Punjab India DIN: 01414304	Director	Non Executive & Independent
	Director	Non Executive &

Mr. Sanjiv Mohan (50 years) H.No. 22 - B, Sargodha colony, Pakhowal Road, Ludhiana, 141001, Punjab DIN: 01052823		Independent
Mrs. Reecha Gupta (28 years) Opp. Sachdeva Auto, Lakkar Mandi, Phillaur- 144 001 Punjab, India DIN: 00008019	Director	Non Executive & Independent

Note: Mr. Krishan Chand Gupta is the father of Mr. Pardeep Gupta and Mr. Sandeep Gupta

For detailed profile of our Directors, please refer to the Chapters titled “Our Management” and “Our Promoters and their Background” beginning on pages 110 & 119 respectively of the Draft Red Herring Prospectus.

COMPLIANCE OFFICER, COMPANY SECRETARY AND CFO

Ms. Navneet Saharan
Mukesh Udyog Limited
VPO Buddhewal, Near Kohara
Tehsil and Dist. Ludhiana
Punjab – 141 010, India.
Tel No: +91 161 284 3425,
Fax No: +91 161 2848742
Email: cs@mukeshudyog.com
Website: www.mukeshudyog.com

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

BANKERS TO OUR COMPANY

State Bank Of India
S.C.B., Miller Ganj,
Pahwa Hospital Complex
(Mid Corporate Sales Hub),
Ludhiana - 141 003
Tel No: +91 161 253 0794/254 6756
Fax No: +91 161 253 9011/502 4152
Email: sbi.0406@sbi.co.in
Website: www.sbi.co.in
Contact Person: Mr. M.S. Grover

Punjab & Sind Bank
Miller Ganj,
Ludhiana -141003
Tel No: +91 161 506 8062
Fax No: +91 161 506 8063
Email: bm0945@obc.co.in
Website: www.psbindia.com
Contact Person: Mr. H.S. Sahni

Punjab National Bank
Industrial Area-A
Ludhiana -141 003
Tel No: +91 161 254 6251
Fax No: +91 161 254 6251
Email: bo0302@pnb.co.in
Website: www.pnb.co.in
Contact Person Mr. P.K. Chaudhary

STATUTORY AUDITORS TO OUR COMPANY

M/s. Gupta Vinod Kumar & Associates
Chartered Accountants
7, II Floor, Surya Shopping Arcade,
National Road, Ghumar Mandi,
Ludhiana – 141 001.
Tel No: +91 161 240 5862
Fax No: +91 161 240 5862
E- Mail: guptavinodca@yahoo.co.in
Contact Person: Mr. Vinod Gupta

Membership No: 085489
Firm Registration No: 006904N
Peer Review certificate No: 005147, dated January 04, 2011

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Corporate Strategic Allianz Limited
SEBI Registration No: INM000011260
402, Samedh Complex, Near Associated Petrol Pump,
C.G. Road, Ahmedabad – 380 006.
Tel No: + 91 79 2642 4138
Tele Fax No: +91 79 4002 4670
Email: fpo@csapl.com
Investor Grievance ID: investors@csapl.com
Website: www.csapl.com
Contact Person: Mr. Chetan Sharma / Mrs. Rekha Singhal

REGISTRAR TO THE ISSUE

Skyline Financial Services Private Limited
SEBI Registration No: INR000003241
246, Sant Nagar, 1st Floor, Iscon Temple Road,
East of Kailash, New Delhi – 110 065
Tel No: + 91 11 2629 2982/83
Fax No: +91 11 2629 2681
Email: admin@skylinerta.com
Investor Grievance ID: admin@skylinerta.com
Website: www.skylinerta.com
Contact Person: Mr. Subhash Aggarwal

LEGAL ADVISOR TO THE ISSUE

Mr. Satish Kumar Aggarwal
Advocate
659-660, Aggar Nagar, Ferozpur Road,
Ludhiana – 141 012.
Tel No: +91 161 462 4001
Fax No: +91 161 462 4001
Email: skaggrawal.law@gmail.com
Contact Person: Mr. Satish Kumar Aggarwal

SYNDICATE MEMBER

[•]

BANKERS TO THE ISSUE & ESCROW COLLECTION BANK

[•]

REFUND BANKER TO THE ISSUE

[•]

SELF CERTIFIED SYNDICATE BANKS

The SCSBs 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 RESPONSIBILITIES BETWEEN BRLM

Since Corporate Strategic Allianz Limited (CSAL) is the sole BRLM to the Issue, all the responsibilities of the Issue shall be managed by them.

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

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

CREDIT RATING

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

IPO GRADING

Since this issue is a Further Public Offering, we have not appointed an IPO Grading agency

TRUSTEES

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

APPRAISAL AND MONITORING AGENCY

The proposed funds requirement is not appraised by any Bank/Financial Institution. As the net proceeds of the Issue will be less than ₹ 50,000 lacs, under the SEBI (ICDR) Regulations, 2009 it is not required that a monitoring agency be appointed by our Company.

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

WITHDRAWAL OF THE ISSUE

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

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

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- BRLM, in this case being Corporate Strategic Allianz Limited;
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters, in this case being [•]. Syndicate members are appointed by the BRLM;
- Registrar to the issue, in this case being Skyline Financial Services Private Limited,
- Banker(s) to the issue, Refund Bank(s), and
- Self Certified Syndicate Banks

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

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

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

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. In addition, QIBs are required to pay entire bid amount upon submission of their Bid. Allocation to QIBs will be on a proportionate basis. *For further details please refer paragraph titled "Maximum and Minimum Bid Size" under Chapter titled "Issue Procedure" beginning on page 205 of the Draft Red Herring Prospectus.*

All the 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 further details, please refer to the Chapter titled "Issue Procedure" beginning on page 205 of the Draft Red Herring Prospectus.*

Steps to be taken by the Bidders for bidding:

- 1) Check eligibility for making a Bid (*For details please refer to the paragraph titled "Who Can Bid" under Chapter titled "Issue Procedure" beginning on page 205 of the Draft Red Herring Prospectus*);
- 2) Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form including ASBA Form;
- 3) Ensure that the Bid-cum-Application Form including ASBA Forms is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid-cum-Application Form including ASBA Forms; and
- 4) Ensure that the Permanent Account Number is mentioned on Bid-cum-Application Form/ASBA Form. Bidders are specifically requested not to mention their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected on this ground.
- 5) Bids by QIBs will have to be submitted only to the BRLM or Syndicate Member, other than bids by QIBs who bid through ASBA process, who shall submit the bids to the Designated Branch of the SCSBs.

BID/ISSUE PROGRAM

Bid/Issue opened on: [•]	Bid/Issue closed on: [•]
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Bids and any revision in Bids shall be accepted **only between 10.00 am and 5.00 pm** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. Standardized cut-off time for uploading of bids on the Bid/Issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids
2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to ₹. 2,00,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE.

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, not later than the times mentioned above. All times mentioned in the Draft Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last day. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Members shall not be responsible. On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders after taking into account the total number of Bids received upto 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.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

We reserve the right to revise the Price band during the Bidding Period in accordance with SEBI (ICDR) Regulations, 2009. The cap on the Price Band should not be more than 20% of the floor of the Price band. Subject to compliance with the immediately preceding sentence, the floor of the Price band can move up or down to the extent of 20%.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional 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 BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate and to the SCSBs.

UNDERWRITING AGREEMENT

After the determination of the Issue Price but prior to filing of the Draft Red Herring Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued in the Issue. Pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement dated [•], the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

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

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (₹. in Lacs)
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

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

Our Board of Directors (based on a certificate given by the Underwriters), are of the opinion that the same are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure / subscribe to the Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

CAPITAL STRUCTURE

Share Capital as on date of filing the DRHP with SEBI:

	Particulars	Nominal Value (₹.)	Aggregate Value (₹.)
A.	Authorized Equity capital		
	1,48,00,000 Equity Shares of ₹.10/- each	14,80,00,000	14,80,00,000
	52,00,000 Non-Cumulative Redeemable Preference Shares of ₹. 10/- each	5,20,00,000	5,20,00,000
	TOTAL AUTHORIZED CAPITAL	20,00,00,000	20,00,00,000
B.	Issued, Subscribed & paid -up Share Capital before the Issue		
	63,12,800 Equity shares of ₹.10 /- each fully paid up	6,31,28,000	6,31,28,000
	5,80,000 6% Non-Cumulative Redeemable Preference Shares of ₹. 10/- each	58,00,000	58,00,000
	26,90,000 2% Non-cumulative Redeemable Preference Shares of ₹. 10/- each	2,69,00,000	2,69,00,000
	TOTAL ISSUED SUBSCRIBED AND PAID-UP EQUITY CAPITAL	9,58,28,000	9,58,28,000
C.	Present Issue to Public in terms of the DRHP		
	75,00,000 Equity Shares of ₹.10/- each fully paid-up for cash at a premium of [●]	7,50,00,000	[●]
D.	Issued, Subscribed & Paid-up Share Capital after this Issue		
	1,38,12,800 Equity Shares of Face Value of ₹ .10/- each	13,81,28,000	[●]
E.	Share Premium Account		
	Share Premium account before the Issue		Nil
	Share Premium account after the Issue		[●]

1. Details in relation to change in authorized capital of our Company since Incorporation

Date of Change	Increased from	Increased to	Equity Share capital	Preference share capital
Incorporation	--	7,000	7,000	Nil
August 24, 1994	7,000	3,30,00,000	3,30,00,000	Nil
October 28, 1994	3,30,00,000	3,50,00,000	3,50,00,000	Nil
March 03, 2003@	3,50,00,000	5,50,00,000	3,30,00,000	2,20,00,000
January 31, 2004	5,50,00,000	7,50,00,000	3,30,00,000	4,20,00,000
November 27, 2004	7,50,00,000	8,50,00,000	3,30,00,000	5,20,00,000
May 07, 2007	8,50,00,000	14,80,00,000	9,60,00,000	5,20,00,000
April 19, 2008	14,80,00,000	15,50,00,000	10,30,00,000	5,20,00,000
September 30, 2010	15,50,00,000	20,00,00,000	14,80,00,000	5,20,00,000

@ The authorized share Capital of ₹ 3,50,00,000 divided in to 35,00,000 equity shares of ₹ 10/- each was restructured into 33,00,000 Equity Shares of ₹ 10/- each and 2,00,000 6 % Non Cumulative Redeemable Preference Share of ₹ 10/- each in the EGM dated March 03, 2003.

2. Equity Share Capital History of our company

Date of Allotment of Equity Shares	No. of Shares Allotted	Cumulative no. of Equity Shares	Face Value (₹.)	Issue Price (₹.)	Consideration (Cash, Bonus, Consideration on other than cash)	Nature of / Reasons for Allotment	Cumulative Share Capital (₹.)	Cumulative Equity Share Premium (₹.)
August 19, 1994	700	700	10	10	Cash	Subscription to MOA	7000	Nil
June 30, 1995	3155700	3156400	10	10	Cash	Public issue	31564000	Nil
November 27, 2010 #	3156400	6312800	10	--	other than cash	Bonus issue In the ratio of 1:1	63128000	Nil

Bonus issue is in the ratio of 1 Equity share for 1 equity share held by way of capitalization of balance of Profit and Loss Account to the tune of ₹ 315.64 lacs. The said bonus shares are not ineligible as per the regulation 33 of the ICDR as the same are neither resulting from a bonus issue by utilization of Revaluation reserve or unrealized profit of the company or from bonus issue against equity shares which are ineligible for minimum promoters' contribution.

3. Preference Share Capital History of our company

Date of Allotment of Preference Shares	No. of Shares Allotted	Cumulative no. of Preference Shares	Face Value (₹.)	Issue Price (₹.)	Consideration (Cash, Bonus, Consideration other than cash)	Nature of / Reasons for Allotment	Cumulative Share Capital (₹.)	Cumulative Equity Share Premium (₹.)
March 31, 2003	14,95,100	14,95,100	10	10	Cash	Preference Share Allotment	1,49,51,000	Nil
September 30, 2003	5,50,000	20,45,100	10	10	Cash	Preference Share Allotment	2,04,51,000	Nil
January 31, 2004	6,40,000	26,85,100	10	10	Cash	Preference Share Allotment	2,68,51,000	Nil
January 31, 2007	5,80,000	32,65,100	10	10	Cash	Preference Share Allotment	3,26,51,000	Nil
March 25, 2008	(26,85,100)	5,80,000	10	--	Cash	Redeemed	58,00,000	Nil
25 th March, 2008	26,90,000	32,70,000 #	10	10	Cash	Preference Share Allotment	3,27,00,000	Nil

Out of total preference Share Capital 5,80,000 shares are 6 % non –Cumulative redeemable preference Shares and 26,90,000 shares are 2% non –Cumulative redeemable preference shares

4. Shares issued for consideration other than cash

Except as stated out in below, we have made no issue of shares for consideration other than cash.

Date of Allotment of Equity Shares	No. of Shares Allotted	Face Value (₹)	Nature of / Reasons for Allotment	Benefit accruing to the company
November 27, 2010	31,56,400	10	Bonus Issue	None

5. Capital built up of the Promoters Contribution and Lock in details.

Name of the Promoter & Date of Allotment/ Transfer	No. of Equity shares	Cumulative no. of equity shares	Face Value (₹.)	Issue / Transfer / Acquisition price (₹.)	Nature of Consideration	Nature of Transactions	% of pre issue share capital	% of no. of shares offered in this issue
A) Krishan Chand Gupta								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	55000	55100	10	10	Cash	Allotment in Public Issue		
31-07-2008	11000	66100	10	Nil	NA	Transmitted from Ms Jaswanti Devi (Mother)		
27-11-2010	66100	132200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	132200						2.09%	1.76%
B) Pardeep Gupta								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	75500	75600	10	10	Cash	Allotment in Public Issue		
27-11-2010	75600	151200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	151200						2.40%	2.02%
C) Sandeep Gupta								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	40000	40100	10	10	Cash	Allotment in Public Issue		
27-11-2010	40100	80200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	80200						1.27%	1.07%
D) Mukesh Steels Limited								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	145000	145100	10	10	Cash	Allotment in Public Issue		
27-11-2010	145100	290200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	290200						4.60%	3.87%
E) Mukesh Strips Limited								
30-06-1995	145000	145000	10	10	Cash	Allotment in Public Issue		

27-11-2010	145000	290000	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	290000						4.59%	3.87%
F) Mukesh Industrial Finance Limited								
30-06-1995	166000	166000	10	10	Cash	Allotment in Public Issue		
27-11-2010	166000	332000	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	332000						5.26%	4.43%
G) Plezer Investments Private Limited								
30-06-1995	186000	186000	10	10	Cash	Allotment in Public Issue		
27-11-2010	186000	372000	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	372000						5.89%	4.96%
Grand Total	1647800						26.10%	21.97%

6. Equity Shares locked-in for 3 years

The following Equity Shares, held by our Promoters shall be locked-in for a period of 3 years from the date of allotment, representing 20% of the issue size; i.e. 15,00,000 Equity Shares

Name of the Promoter & Date of Allotment/ Transfer	No. of Equity shares	Cumulative no. of equity shares	Face Value (₹.)	Issue / Transfer / Acquisition price (₹.)	Nature of Consideration	Nature of Transactions	% of pre issue share capital	% of no. of shares offered in this issue
A) Krishan Chand Gupta								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	55000	55100	10	10	Cash	Allotment in Public Issue		
31-07-2008	11000	66100	10	Nil	NA	Transmitted from Ms Jaswanti Devi (Mother)		
27-11-2010	66100	132200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	132200						2.09%	1.76%
B) Pardeep Gupta								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	75500	75600	10	10	Cash	Allotment in Public Issue		
27-11-2010	75600	151200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	151200						2.40%	2.02%
C) Sandeep Gupta								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	40000	40100	10	10	Cash	Allotment in Public Issue		
27-11-2010	40100	80200	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	80200						1.27%	1.07%
D) Mukesh Steels Limited								
19-08-1994	100	100	10	10	Cash	Subscriber to MOA		
30-06-1995	145000	145100	10	10	Cash	Allotment in		

27-11-2010	145100	290200	10	Nil	NA	Public Issue Bonus Issue in the ratio of 1:1		
Total	290200						4.60%	3.87%
E) Mukesh Strips Limited								
30-06-1995	145000	145000	10	10	Cash	Allotment in Public Issue		
27-11-2010	145000	290000	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	290000						4.59%	3.87%
F) Mukesh Industrial Finance Limited								
30-06-1995	166000	166000	10	10	Cash	Allotment in Public Issue		
27-11-2010	166000	332000	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	332000						5.26%	4.43%
G) Plezer Investments Private Limited								
30-06-1995	186000	186000	10	10	Cash	Allotment in Public Issue		
27-11-2010	186000	372000	10	Nil	NA	Bonus Issue in the ratio of 1:1		
Total	372000						5.89%	4.96%
Grand Total	1647800						26.10%	21.97%

Of the above 16,47,800 Equity shares, eligible for lock-in, 15,00,000 Equity Shares shall be locked-in for a period of 3 years from the date of allotment in this public issue. The promoters have given their written consent to lock-in the shares.

7. The promoters' of our company have not pledged any of their shares.
8. The Promoters, directors and persons belonging to the Promoter group have not undertaken any transaction of Equity Shares during a period of six months preceding the date of this Draft Red Herring Prospectus.
9. None of our Promoters, Promoter Group Entities, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.
10. We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years as per Regulation 33 of SEBI ICDR Regulations does not consist of:
 - Equity Shares acquired three years before the filing of the Draft Red Herring Prospectus with SEBI for consideration other than cash and revaluation of assets or capitalization of intangible assets, involved in such transactions or resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from bonus issue against Equity Shares which are ineligible for minimum Promoters' contribution.
 - Securities acquired by our Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue.
 - Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in;
 - Pledged Equity Shares held by our Promoters.

11. In terms of Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters locked in for a period of one year can be pledged with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institutions, provided that the pledge of shares is one of the terms of sanction of such loan.

Further, the Equity Shares which have been locked-in for a period of three years as minimum Promoter's contribution can be pledged with any scheduled commercial banks or public financial institutions only if, in addition to fulfilling the aforesaid requirements, the loan (for which the Equity Shares are pledged) is towards financing one or more objects of this Issue. However, as on date of the Red Herring Prospectus, none of the equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions. In terms of undertaking executed by our Promoters, 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 Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Red Herring Prospectus.

12. Details of shareholding pattern of our Company,

The shareholding pattern of our Company before the Issue as prescribed under clause 35 of the Listing Agreement is as mentioned below:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group²							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	17	1582800	446600	25.07	25.07	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	14	3150600	1025300	49.91	49.91	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0.00	0.00
(e)	Any Others(Specify)	0	0	0		0.00	0.00	0.00
(e-i)		0	0	0	0.00	0.00	0.00	0.00
(e-ii)		0	0	0	0.00	0.00	0.00	0.00
	Sub Total(A)(1)	31	4733400	1471900	74.98	74.98	0.00	0.00
2	Foreign							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0.00	0.00
B	Bodies Corporate	0	0	0	0.00	0.00	0.00	0.00
C	Institutions	0	0	0	0.00	0.00	0.00	0.00
D	Any Others(Specify)	0	0	0	0.00	0.00	0.00	0.00
d-i		0	0	0	0.00	0.00	0.00	0.00
d-ii		0	0	0	0.00	0.00	0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	31	4733400	1471900	74.98	74.98	0.00	0.00
(B)	Public shareholding							

1	Institutions							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0.00	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00	0.00	0.00
(h-i)		0	0	0	0.00	0.00	0.00	0.00
(h-ii)		0	0	0	0.00	0.00	0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0.00	0.00	0.00
B 2	Non-institutions							
(a)	Bodies Corporate	8	395200	100000	6.26	6.26	0.00	0.00
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	255	752600	13600	11.92	11.92	0.00	0.00
II	ii. Individual shareholders holding nominal share capital in excess of ₹. 1 lakh.	8	431600	0	6.84	6.84	0.00	0.00
(c)	Any Other (specify)							
(c-i)	NRI	0	0	0	0.00	0.00	0.00	0.00
(c-ii)		0	0	0	0.00	0.00	0.00	0.00
	Sub-Total (B)(2)	271	1579400	113600	25.02	25.02	0.00	0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	271	1579400	113600	25.02	25.02	0.00	0.00
	TOTAL (A)+(B)	302	6312800	1585500	100.00	100.00	0.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued					0.00	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	302	6312800	1585500	100.00	100.00	0.00	0.00

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

14. As on the date of this Draft Red Herring Prospectus, none of the shares held by our Promoters/Promoter Group are pledged with any financial institutions or banks or any third party as security for repayment of loans.

15. The top ten shareholders of our Company and their shareholding is as set forth below

(a) Particulars of the top ten shareholders as on the date of filing the Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of Total Paid-Up
1	Plezer Investments Private Limited	372000	5.89%
2	Mukesh Industrial Finance Limited	332000	5.26%
3	Punjab Ispat Private Limited	319000	5.05%
4	Asharfi Investments Private Limited	296000	4.69%
5	Mukesh Steels Limited	290200	4.60%
6	Mukesh Strips Limited	290000	4.59%
7	Jay Ambay Knitters Private Limited	257000	4.07%
8	Mr. Sandeep Gupta (HUF)	216600	3.43%
9	Kay Cee Ispat Udyog Private Limited	180000	2.85%
10	Smrati Builders & Developers Pvt. Ltd.	176000	2.79%

(b) Particulars of top ten shareholders ten days prior to the date of filing the Draft Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of Total Paid-Up
1	Plezer Investments Private Limited	372000	5.89%
2	Mukesh Industrial Finance Limited	332000	5.26%
3	Punjab Ispat Private Limited	319000	5.05%
4	Asharfi Investments Private Limited	296000	4.69%
5	Mukesh Steels Limited	290200	4.60%
6	Mukesh Strips Limited	290000	4.59%
7	Jay Ambay Knitters Private Limited	257000	4.07%
8	Mr. Sandeep Gupta (HUF)	216600	3.43%
9	Kay Cee Ispat Udyog Private Limited	180000	2.85%
10	Smrati Builders & Developers Pvt. Ltd.	176000	2.79%

(c) Particulars of the top ten shareholders two years prior to the date of filing of the Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of Total Paid-Up
1	Plezer Investments Private Limited	186000	5.89
2	Mukesh Industrial Finance Limited	166000	5.26
3	Punjab Ispat Private Limited	159500	5.05
4	Asharfi Investments Private Limited	148000	4.69
5	Mukesh Steels Limited	145100	4.60
6	Mukesh Strips Limited	145000	4.59
7	Jay Ambay Knitters Private Limited	128500	4.07
8	Mr. Sandeep Gupta (HUF)	108300	3.43
9	Kay Cee Ispat Udyog Private Limited	90000	2.85
10	Smrati Builders & Developers Pvt. Ltd.	88000	2.79

16. The Equity Shares which are subject to lock-in shall carry the inscription 'non-transferable' and lock-in period and the non-transferability of Equity Shares shall be intimated to the depositories namely NSDL and CDSL. The details of the lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.
17. None of our Promoters or their associates, Group Companies, Directors of our Company, the Directors of our Group Companies have purchased or sold any Equity Shares during a period of 6 months preceding the date of filing of the Draft Red Herring Prospectus with SEBI.
18. Our Company, our Promoters, our Directors, our Promoter Group and the BRLMs have not entered into any buy back or standby or safety-net or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.
19. Neither have we issued any Equity Shares out of revaluation reserves nor for consideration other than cash, except for the bonus issue made.
20. None of the persons/entities comprising our Promoter Group or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing Red Herring Prospectus with SEBI.
21. The BRLM and their associates do not hold any Equity Shares in our Company.
22. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Draft Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.
23. Our Company has not raised any bridge loan against the proceeds of the Issue.
24. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of allotment lot, while finalizing the Basis of Allotment.

Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the number of Equity Shares held by our Promoters and subject to lock- in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.
25. Allotment shall be on a proportionate basis rounded-off to the nearest integer subject to minimum allotment being equal to minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for retail individual investors as below:-
 - A minimum of 50% of the Net Issue to the Public will initially be made available for allotment to retail individual investors applying Equity Shares of or for a value of not more than ₹ 2,00,000/-.
 - The balance Net Issue to the Public shall be made available for allotment to applicants other than retail individual Investors.
26. Under-subscription, if any, in any of the categories shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Allocation in all the aforesaid categories shall be on a proportionate basis. For more details, please refer to the paragraph titled "*Method of Proportionate Basis of Allocation in the Issue*" under chapter titled "*Issue Procedure*" on page 205 of the Draft Red Herring Prospectus.
27. None of our Directors, except Promoter Directors, or key managerial personnel holds any Equity Shares in our Company.
28. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date

of filing the Draft Red Herring Prospectus with SEBI.

29. Since the entire money in respect of the issue is being called on application, all the successful applicants will be issued fully paid-up shares.
30. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing the Draft Red Herring Prospectus with SEBI until the Equity Shares issued/ proposed to be issued pursuant to the Issue have been listed.
31. We presently do not have any intention or proposal to alter our capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) 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 acquisition or participation in such joint ventures.
32. As per the extant policy, OCBs are not permitted to participate in the Issue. Sub accounts of FIIs who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.
33. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue.
34. Our Promoters and the Promoter Group, the BRLMs and the Syndicate Members will not participate in the Issue.
35. No payment, direct or indirect, in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive Allotments, if any, in this Issue.
36. As on the date of filing of the Draft Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures, loans, or other financial instruments into our Equity Shares.
37. 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.
38. The Equity Shares would be issued and traded on BSE and NSE only in dematerialised form. Hence the market lot of the Equity Shares is 1 (one). The Equity Shares of our Company are listed for trading on DSE and LSE but there is no trading of the Equity Shares on DSE and LSE.
39. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidders.
40. Our Company has Three Hundred Two (302) shareholders as on the date of filing the Draft Red Herring Prospectus with SEBI.
41. We confirm that our Company is in compliance with the provisions of clauses 35, 41 and 49 of the Listing Agreement, SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8(3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledged shares and compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 with respect to reporting in terms of Regulation 13.
42. Our company has made bonus issue of shares on November 27, 2010 of 31,56,400 by way of capitalization of balance of profit and loss account and we confirm that our Company has

complied the Regulation 92, 93 and 94 of Chapter IX of SEBI ICDR Regulations.

According to clause no. 95 of Chapter IX of SEBI (issue of Capital and Disclosure Requirements) Regulations, 2009 the bonus issue shall be implemented within two months from the date of meeting of its board of directors wherein the decision to announce the bonus issue was taken subject to shareholder's approval. The Board of directors of the company had passed the resolution for bonus issue of shares in the meeting held on September 03, 2010. According to clause 95 the bonus issue is required to be implemented on or before November 03, 2010. The bonus issue is not implemented as on date of filing DRHP.

43. As per the Sanction Letter of Punjab National Bank Promoters are not allowed to off load their shareholding during the Currency of Bank Loan.

SECTION V - OBJECTS OF THE ISSUE

The present Issue is being made to raise the funds for the following purposes:

- 1) Expansion of Spinning unit from its current capacity of 30,000 spindles to 43,200 spindles
- 2) Setting up of Hot Rolling Mill facility with an annual capacity of 49,000 TPA
- 3) Working Capital Requirements
- 4) Meeting Public Issue Expenses
- 5) General Corporate Purpose

The other objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on BSE and NSE in addition to being listed on DSE and LSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Cost of Project & Means of Finance

Cost of Project

The cost of project and means of finance as estimated by our Management is as under:

(₹. in Lacs)		
Sr. No.	Particulars	Amount
A.	Expansion of Spinning unit from its current capacity of 30,000 spindles to 43,200 spindles	3,287.54
B.	Setting up of Hot Rolling Mill facility with an annual capacity of 49,000 TPA	2,094.66
C.	Working Capital requirements	[•]
D.	Meeting Public Issue expenses*	[•]
E.	General Corporate Purpose*	[•]
	Total	[•]

Means of Finance

(₹. in Lacs)		
Sr. No.	Particulars	Amount
A.	Public Issue Proceeds *	[•]
B.	Internal Cash Accruals	[•]

** The relevant figure will be updated on finalization of the issue price on conclusion of the book building process.*

In case the Public Issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals. In case of excess funds remaining after deployment as per the Objects of the Issue, the same will be utilized for General Corporate Purposes. *For further details please refer to the Paragraph titled "General Corporate Purposes" under Chapter titled "Objects of the Issue" beginning on page 51 of the Draft Red Herring Prospectus.*

The fund requirement and deployment are based on internal management estimates and the quotations received from the suppliers, and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, amongst others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in any other project and/or our Company's internal accrual, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions.

We propose to meet our expenditure towards the Objects of the Issue entirely out of the proceeds of the Issue and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C of Part A of Schedule VIII of ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply.

Appraisal

Our Company has not got its proposed requirements of funds as detailed in this chapter appraised by any bank or financial institution.

Description of the Project

We propose to expand the existing spinning division from its existing 30,000 spindles by adding 13,200 spindles at our existing location at VPO Buddhewal, Near Kohara, Tehsil and District Ludhiana, Punjab - 141 010.

Recently we have commissioned a facility at our existing location for manufacturing steel billets, with an annual capacity of 49,000 TPA. The commercial production for the steel billet unit was started with effect from September 30, 2010. As a forward integration strategy, we also intend to set up a Steel Rolling mill having a capacity of 49,000 TPA, which shall produce structural steel, flats, rounds etc, which are used in the construction, automotive and engineering sectors.

DETAILED BREAK UP OF THE PROJECT

A. Expansion of Spinning unit from its current capacity of 30,000 spindles to 43,200 spindles

Break-up of the major heads of expenses

Sr. No	Particulars	Amount (₹. Lacs)
1.	Building & Civil Works	353.00
2.	Plant & Machinery	2589.05
3.	Miscellaneous Fixed Assets	258.97
4.	Deposit with State Electricity Board	22.50
5.	Contingencies	64.02
	Total	3287.54

1. Building & Civil Works

We propose to construct and enhance the existing spinning capacities from the existing 30,000 spindles to 43,200 spindles at our current location. For this we shall be required to carry out certain Building & Civil works as described below:

Sr. No.	Particulars	Size/rate/basis of estimation	Amount (₹. Lacs)
1.	Construction of Labour Colony at V.P.O. Buddhewal Near Kohara, Ludhiana	22500 Sq Ft @ 600/ Sft	135.00
2.	Flooring and Plaster in shed and tranches	Lump Sum	150.00
3.	False Ceiling	Lump Sum	16.00
4.	Insulation	Lump Sum	10.00
5.	Ducting	Lump Sum	42.00
			353.00

The above estimate has been certified by Punjab Engineers & Consultants, Engineers, Chartered Engineer through their estimate dated March 20, 2011.

2. Plant & Machinery

Sr. No	Description	Supplier Name & Date of quotation/order placed	Qty/Set (Nos)	Amount (₹. Lacs)	
				Rate per unit	Total
	<u>Imported</u> ^{*^}				
1	Savio make-Automatic cone winder set	Savio India Limited	10	76.23	762.30
	Model: Polar-I-DLS	Qtn dt: 20-01-2011			
	alongwith 30/32 positions frame (no of drums), headstock (noise absorber), winding section, automatic bobbin feeder, electronic yarn cleaner, splicer, automatic package doffing, empty cone tube feeding, winding speed, feeding bobbins, delivery package, inspector control, full package conveyor				
	* 1 Euro=63 INR				
	^Advance payment made ₹. 33.50 Lacs				
	<u>Domestic</u>				
2	Veejay Lakshmi Two For One Twister	Veejay Lakshmi Engg Works	10	21.77	217.65
	Model VJ 120M	Qtn dt: 22-03-2011			
	feed package dia. , for processing of 100% Cotton yarn, Ne 2/18s - 2/50s equipped with 200mm Gauge Machine, Spindle speed variation Pulleys, Twist variation Pulleys, Take-up Packages and other standard accessories				
3	Lakshmi Carding Machine	Lakshmi Machine Works			
	Carding M/C Model LC300A-V3	Qtn dt: 11-02-2011	12	17.80	213.60
	With 1000 MM Working Width For Chute Feed System with built in Multilevel Sensing, Auto Can Changer, Short & Long Term Regulation with Pre/Post Carding Elements, Continuous/Manual Colln., LDS Rotary Can Changer 40"x48"				
	Fine Feed, LA7/5 With Standard Feed Silo Ducting Cross(Lateral) Feed-Per Card		12	3.03	36.36
4	Draw Frame Model LD2		5	13.10	65.50
	Draw Frame Model LD2 with Two Deliveries, 4 over 3 pressure Bar Drafting System With Auto Can Changer Extra Super Long Creel				

5	Lakshmi Draw Frame		6	18.39	110.34
	Draw Frame Model LRSB851 with single Delivery System, POWER Creel Automatic Can Changer Digital Short Term Auto levelling system, LDS				
6	Lakshmi Speed Frame		4	22.52	90.09
	Speed Frame Model LF 1400 A Flyer 12 X 6.5 144 spindles per machine SKF PK 1500 4 Roller drafting - short cradle suction device with stop motion				
7	Lakshmi Ring Frame		11	49.13	540.41
	Ring Spinning Frame Model LR60/AX 1200 SPINDLES automatic doffer system inverter drive for main motor duoflex drive system opti power motor, emperor ring with zero underwinding, with WCS for ringframe.				
8	Combing Equipment				
	Lap Former Model LH10		1	27.00	27.00
	Pro-In Control System For Lap Build Up 4 Over 4 Drafting System, Auto Spool Loader, Creel For up to 24"x48" Feed Can and T.S. Display System				
9	Other ancillary machineries				
	- Lap Spools		125	0.03	3.13
	- Lap Trolleys		6	0.42	2.52
	High Production comber Model LK64with single delivery, built in collection elements for Noil, Linear Auto Can Changer and T.S. Display System		5	30.50	152.50
10	Lakshmi Blow Room Line, Mixing Bale Opener				
	1600 MM working width, upright lattice with staggered steel spikes with waste collection elements with beater		2	13.40	26.80
	Ventilator LA5/6 with discharge		2	0.41	0.82
	Straight metal extractors, 350 mm DIA		2	0.52	1.04
	Control Panel		1	1.30	1.30
11	Exhaust & Deliver apparatus		1	0.87	0.87
12	Ventilator LA5/4 with discharge capacity		1	0.41	0.41
13	Flushing unit		1	0.04	0.04
14	WCS control panel		1	1.50	1.50

	Sub-total				2,251.35
	Add: Taxes, Freight, Octroi, Installation, Insurance @ 15%				337.70
	Total				2,589.05

Note: Except Machine specified in Serial No. 1, Orders for all other Machines are yet to be placed.

3. Miscellaneous Fixed Assets

Sr. No	Description	Supplier Name & Date of quotation/order placed	Qty/Set (Nos)	Amount	
				Rate per unit (₹)	Total (₹. Lacs)
1	Moksha Make Ring Frame Bobbin	G.S. Budhiraja	50,000	15.70	7.85
	Moksha Make Speciality Ring Frame Tubes	Date of quotation: 23-03-2011			
2	Moksha Make Speed Frame Bobbin	G.S. Budhiraja	20,000	38.50	7.70
	Moksha Make Break resistant special blend ABS Simplex Bobbin	Date of quotation: 23-03-2011			
3	Rimtex Make Cans	G.S. Budhiraja			
	- Rimtex Make HDPE Rivet less Can Size 20" X 48" with plastic top plate, coil type steel spring duly Hardened and tempered with 12" Bottom Binder & 3 Nos. PZS Type Castor.	Date of quotation: 23-03-2011	200	5,550.00	11.10
	- Rimtex Make HDPE Rivetless Can size 24" X 48" with plastic Top Plate, coil type steel spring duly Hardened and tempered with 12" Bottom Binder & 3 Nos. PZS Type Castor.		250	1,950	4.88
	- Rimtex make HDPE Rivetless Can Size 40" X 48" with G I Top plate, Pantograph type spring, duly Hardened and tempered with 12" Bottom Binder complete with 3 Nos. PZS Type Castor.		40	3,800	1.52
4	DG set 1500 KVA	Tractors India P Ltd	1	94,00,000	94.00
	Caterpillar make of 1500 KVA, 415 Volts, 1500 RPM 50 Hz, Diesel Generator set package, complete with day oil tank of 990 lts and batteries and power module for the DG set	Date of quotation: 23-03-2011			
5	Additional parts of Humidification Plant	Draft Air (India) P Ltd Date of quotation: 25-01-2011	Set	36,40,050	36.40
6	Electricals wiring, cabling,	Kanwaljit Electricals &	Lump	--	36.75

	lighting, fitting etc	M.S. Pipes Fitting contractor & Asian Electronics Limited Date of quotation:22-03-2011	sum		
6	Other Misc. Fixed Assets, spares etc.	Management Estimates	Lump sum	--	25.00
	Sub-total				225.20
	Add: Taxes, Freight, Octroi, Installation, Insurance @ 15%				33.78
	Total				258.97

Note: We do not intend to purchase any second hand plant & machinery for the project. None of the vendors from whom the plant & machinery quotations have been received is related to the promoter/directors of our Company.

The actual suppliers of above-mentioned equipment may differ while negotiating the prices for the respective equipment. Further, the specification of equipment may also differ considering the conditions prevailing at the time of placing the orders.

Orders for all Miscellaneous Fixed Assets are yet to be placed.

4. Deposit with State Electricity Board

For our expansion, we would require additional power load, which shall be applied after the major plant & machineries arrive for installation. For this purpose, we estimate that an additional load of 1,000 KVA would be required, for which we would be required to deposit an amount of ₹. 22.50 lacs as electricity deposit and service connection fee.

5. Contingencies

Contingencies are estimated at 2% of the hard cost of Buildings & Civil work, Plant & Machinery, Miscellaneous Fixed Assets aggregating ₹. 64.02 Lacs.

B. Setting up of Hot Rolling Mill facility with an annual capacity of 49,000 TPA

Recently we have commissioned a facility at our existing location for manufacturing steel billets, with an annual capacity of 49,000 TPA. The commercial production for the steel billet unit was started with effect from September 30, 2010.

As a forward integration strategy, we also intend to set up a Steel Rolling mill having, at the existing site, having a capacity of 49,000 TPA, which shall produce structural steel, flats, rounds etc, which are used in the construction, automotive and engineering sectors.

Break-up of the major heads of expenses

Sr. No	Particulars	Amount (₹. Lacs)
1.	Building & Civil Works	345.00
2.	Plant & Machinery	878.68
3.	Miscellaneous Fixed Assets	763.73
4.	Deposit with State Electricity Board	67.50
5.	Contingencies	39.75
	Total	2,094.66

1. Building & Civil Works

For this we shall be required to carry our certain Building & Civil works as described below:

Sr. No.	Particulars	Size/rate/basis of estimation	Amount (₹. Lacs)
1.	Factory Shed	30000 Sqft @ 700/Sqft	210.00
2.	Mill Foundation	Lump Sum	50.00
3.	Under Ground Water Tank	Lump Sum	25.00
4.	Water Pumps and Pipe Line connection	Lump Sum	10.00
5.	Labour Cost	Lump Sum	50.00
			345.00

The above estimate has been certified by Punjab Engineers & Consultants, Engineers, Chartered Engineer through their estimate dated March 20, 2011.

2. Plant & Machinery

Sr. No	Description	Supplier Name & Date of quotation/order placed	Qty/Set (Nos)	Amount (₹. Lacs)	
				Rate per unit	Total
1	610 MM PCD Roughing Mill	A.S. Precision Machines Private Limited Quote dated: 24-02-2011	--	Lumpsum	764.07
2	460 MM PCD Roughing Mill				
3	360 MM PCD Roughing Mill				
4	Automation & Auxiliary equipment				
	Add: Taxes, Freight, Octroi, Installation estimated @ 15%				114.61
	Total				878.68

Note: Orders for all Machines are yet to be placed.

Major machines covered in the above quotation include	
	Pulley Assembly
	Flywheel Assembly
	Reduction Gearbox
	610 MM (3-Hi) Pinion Stand
	610 MM (3-Hi) Mill Stand
	Gear Coupling
	Spindles & Coupling (wobbler type)
	Motor base plate
	Flywheel Assembly
	460 MM (3-Hi) Pinion Stand
	460 MM (3-Hi) Mill Stand
	360 MM (3-Hi) Pinion Stand
	360 MM (3-Hi) Mill Stand
	Automation & Auxiliary equipments
	- Furnace Charging Table, 15.33 m x 800 BL

	- Furnace Discharge table, 5.1 m x 800 BL
	- Tilting Table for R1 approach side 9.5 m x 1900BL
	- Tilting Table for R1 delivery side 9.5 m x 1900BL
	- Mill Approach Table for 11.1 9.6 m x 1250 BL
	- Tilting Table for 11.1 discharge side 7.0 m x 1250BL
	- Mill Extension Table for 11.1 16.4 m x 1250BL
	- Mill Approach Table for 11.2 18.4 m x 1250 BL
	- Tilting Table for 11.2 discharge side 7.0 m x 1250 BL
	- Mill Extension Table for 11.2 5.86 m x 1250BL
	- Mill Approach Table for 11.3 18.4 m x 1000 BL
	- Mill Discharge Table for 11.3 41.2 m x 1000 BL
	- Mill Approach table for 11.2 41.2 m x 1000 BL
	- Mill Discharge Table for 12.1 36.4 m x 1000BL
	- Mill Approach table for 12.2 36.4 m x 1000BL
	- Mill Discharge Table for 12.2 56.3 m x 1000 BL
	Run in Table to Cooling bed 32.9 m x 650 BL
	Run out Table to Cooling Bed 21 m x 650 BL
	Skid Transfer between 11.2 to 11.3 – 4 ropes
	Skid transfer between 11.3 to 11.2 – 10 ropes 8.771 m centers (2 sets of 5 chains each)
	Skid transfer between 12.1 to 12.2 -8 ropes 5.67 m centers
	Hot Saw 1600 mm Blade dia
	Skid transfer guide between furnace discharge table section 1& 11

3. Miscellaneous Fixed Assets

Sr. No	Description	Supplier Name & Date of quotation/order placed	Qty/Set (Nos)	Amount	
				Rate per unit (₹.)	Total (₹. Lacs)
1	Electric Motors				
	- Slip Ring HP500	Goodwill Electro Controls	1	9,00,000	9.00
	- Slip Ring HP800	Quote dated: 23-03-2011	1	12,75,000	12.75
	- Slip Ring HP1000		1	13,95,000	13.95
	(all Kirloskar make)				
2	DC Motors	Goodwill Electro Controls	1	5,90,000	5.90
	Kirloskar make 350 KW	Quote dated: 23-03-2011	1	4,96,000	4.96
	Kirloskar make 250 KW				
3	Transformer				
	Kirloskar make 4000 KVA, 11/1000 V, Oil Filled Transformer plus standard accessories	Goodwill Electro Controls	1	22,50,000	22.50
		Quote dated: 23-03-2011			
4	Double Beam E.O.T. Crane	Asian Cranes & Elevators			
	- Capacity 15 Ton/10 Ton	Quote dated: 25-12-2010	1		28.50

	- Capacity 10 Ton		1		18.25
5	Other Auxiliary Equipments	A.S. Precision Machines Private Ltd			47.60
	Repeaters		7	Lumpsum	
	Rotary Shear - 450mm (Fixed)		2		
	Rotary Shear (Moving)	Quote dated: 24-02-2011	1		
	Cold Shear		1		
	Pinch Shear		4		
	Bed Plate for R/Mill, I-cont. mill, Finishing - mill, & Pinion Line, Reduction Line, Motor Line		Set		
	Guide Box & Twist Pipe		Set		
	Roller Table		1		
	Snap Shear		3		
6	Workshop & Tool Measuring equipments	Management Estimates	set	Lumpsum	12.50
7	Re-heating furnace	Punjab Engineers & Consultants			
	Reheating Furnace for Re-heating of Billets, Ingots etc. for Rolling Mill Division	Quote dated: 20-03-2011		Lumpsum	125.00
8	Air Pollution Control Device	Eros Consultants &			13.20
	(including related civil work, P&M & consultancy)	Analytical Lab			
9	Other materials	Management Estimates			
	- Foundation bolts and T. bolts				7.00
	- Plate & rail line material				15.00
	- Cooling bed				28.00
	- TMT system				27.00
	- Flying Shear				28.00
	- Tail & break				12.00
	- Lab equipment testing				7.00
	- Bearing for mill				4.50
	- Rolls for TMT mill				21.00
	- Weight Bridge				10.00
	- Trucks/Mini Truck (3 nos)				10.50
10	Electric cabling, installation, lighting and allied works	Management Estimates		Lumpsum	180.00
	Sub-total				664.11
	Add: Taxes, Freight, Octroi, Installation @ 15%				99.62
	Total				763.73

Note: We do not intend to purchase any second hand plant & machinery for the project. None of the vendors from whom the plant & machinery quotations have been received is related to the promoter/directors of our Company.

The actual suppliers of above-mentioned equipment may differ while negotiating the prices for the respective equipment. Further, the specification of equipment may also differ considering the conditions prevailing at the time of placing the orders.

Orders for all Miscellaneous Fixed Assets are yet to be placed

4. Deposit with State Electricity Board

For our expansion, we would require additional power load, which shall be applied after the major plant & machineries arrive for installation. For this purpose, we estimate that an additional load of 3,000 KVA would be required, for which we would be required to deposit an amount of ₹. 67.50 lacs as electricity deposit and service connection fee.

5. Contingencies

Contingencies are estimated at 2% of the hard cost of Buildings & Civil work, Plant & Machinery, Miscellaneous Fixed Assets aggregating ₹. 39.75 Lacs.

C. Requirement for Working Capital

Currently the working capital requirements are funded through the company's internal accruals and working capital loans from its existing bankers. We intend to utilize an amount of ₹. [•] Lacs towards our working capital requirement envisaged as under:

Working Capital Requirement

Particulars	No. of Days	FY 2010 (Actuals)	No. of Days	FY 2012 (Projected)	No. of Days	FY 2013 (Projected)
<u>Current Assets</u>						
Sundry Debtors	31	1065.00	45.00	2945.35	45.00	4924.52
Raw Material	19	548.53	30	1,436.63	30	2,501.11
Work in Progress	3	79.58	5	292.58	5	495.90
finished Goods	8	243.17	10	585.17	10	991.81
Consumable Stores		20.91		45.00		100.00
Other Current Assets		832.48		1000.00		1500.00
Total Current Assets		2789.67		6304.73		10513.34
<u>Current Liabilities</u>						
Sundry Creditors	32	918.00	30.00	1,436.63	30.00	2,501.11
Other Liabilities		124.83		225.00		300.00
Total Current Liabilities		1,042.83		1,661.63		2,801.11
Working Capital Gap		1,746.84		4,643.11		7,712.24
Less: Existing/ Proposed Bank Borrowings		829.06		[•]		[•]
Net Working Capital Requirement		917.78		[•]		[•]
Proposed Working Capital to be funded from IPO		0		[•]		[•]
Funding through Own Funds & Additional Bank Borrowings		917.78		[•]		[•]

The calculation and estimation of working capital requirements are based on the following:

Sundry Debtors for are estimated at 45 days, while inventories comprising of Raw material, Work –in-progress, Finished Goods are estimated at 30 days, 5 days and 10 days respectively.

Sundry Creditors have been estimated as 30 days based on our past experiences,

Our Company has existing working loan facilities sanctioned to the tune of ₹. 4600 lacs from its existing bankers(State Bank of India – ₹ 2300 Lacs, Punjab & Sindh Bank- ₹ 800 Lacs and Punjab National Bank – ₹ 1500 Lacs) and which serves the working capital requirements of the existing business and for future expansion.

D. Public Issue Expenses

The expenses for this Issue include Issue management fees, selling commissions, underwriting commission, printing and distribution expenses, fee payable to other intermediaries, statutory advertisement expenses and listing fees payable to the Stock Exchange, amongst others. The estimated Issue expenses are as under:

Activity	Expenses (₹. In Lacs)	% of Issue Size*	% of Issue expenses
Lead Management, Syndicate Fees, Underwriting & Selling commission	[•]	[•]	[•]
Advertisement and Marketing Expenses	[•]	[•]	[•]
Printing and Stationery (including expenses on transportation of the material)	[•]	[•]	[•]
Others (Registrar's Fees, Legal Fees, Filing fees with SEBI and stock exchange, Listing Fees, RoC Charges, travelling and other misc expenses etc.)	[•]	[•]	[•]
Total	[•]	[•]	[•]

* Will be incorporated after the finalization of Issue Price.

E. General Corporate Purposes

Our Company intends to deploy the excess Issue proceeds, if any, aggregating ₹ [•] Lacs, towards the general corporate purposes, including but not restricted to payment of interest during construction period, strategic initiatives, technological up gradation investment in other segments of the industry, entering into strategic alliances, partnerships, joint ventures and acquisitions, meeting exigencies & contingencies including on public issue expenses, mentioned above which our Company in the Ordinary course of business may not foresee, repayment of debts or any other purposes approved by the Board of Directors.

Our management, in response to the dynamics 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. This may also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Issue Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Schedule of Implementation

(A) Expansion of Spinning facility

Particulars	Month of Commencement	Month of Completion
Acquisition of Land	Already existing	Already existing
Inquiries, negotiations with suppliers of Plant and Machinery and placing orders	January 2011	October 2011

Execution of Civil Works and Building erection work	April 2011	October 2011
Installations of Plant & Machinery	December 2011	February 2012
Trial Production	March 2012	March 2012
Commencement of Production and Sales	April 2012	--

(A) Setting up of Hot Rolling Mill facility

Particulars	Month of Commencement	Month of Completion
Acquisition of Land	Already existing	Already existing
Inquiries, negotiations with suppliers of Plant and Machinery and placing orders	January 2011	October 2011
Execution of Civil Works and Building erection work	April 2011	October 2011
Installations of Plant & Machinery	December 2011	February 2012
Trial Production	March 2012	March 2012
Commencement of Production and Sales	April 2012	--

Deployment of Funds in the project:

We have incurred the following expenditure on the projects till March 23, 2011:-.

Particulars	Amount* (in ₹ Lacs)	Sources of Funds
Advance to suppliers for spinning machinery	33.50	Internal Accruals
Public Issue Expenses	10.00	
Total	43.50	

* As certified by our Company's Statutory Auditors M/s. Gupta Vinod Kumar & Associates, Chartered Accountants vide their Certificate dated March 23, 2011.

Since the objects of the issue stated are to be funded from the Public Issue, the amount spent till date on the objects from internal accruals, as certified by the statutory auditors, shall be recouped from the public issue proceeds.

Details of balance fund deployment

Particulars	Deployed upto March 23, 2011	FY 2012	Total
Expansion of Spinning unit	33.50	3,254.04	3,287.54
Setting up of Hot Rolling Mill facility	--	2,094.66	2,094.66
Working Capital requirement	--	[•]	[•]
Public Issue expenses	10.00	[•]	[•]
General Corporate Purposes	--	[•]	[•]
Total	43.50	[•]	[•]

Means of finance

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the Net Proceeds, as well as the discretion to revise its business plan from time to time and consequently the funding requirement and deployment of funds may also change. This may include rescheduling the proposed utilisation of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of Net Proceeds.

In the event of significant variations in the proposed utilisation, approval of the shareholders of the Company shall be duly sought. In case of variations in the actual utilisation of funds earmarked for the purposes set forth below, increased fund requirements for a particular purpose may be financed by

surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through internal accruals and debt.

Interim Use of Funds

The management, in accordance with the approval of the Board of Directors, will have the flexibility in deploying the Issue Proceeds received by us. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft, if any.

Monitoring of Issue proceeds

As the size of the Issue will not exceed ₹ 50,000 Lacs, the appointment of Monitoring Agency would not be required as per Regulation 16 of the ICDR Regulations.

Our Audit Committee will also monitor the utilization of the Issue Proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Financial Year 2012.

Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the full money raised through the Issue has been fully spent. The statement shall be certified by the Statutory Auditors. Further, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of Issue Proceeds from the Objects stated in the Prospectus. Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Issue Proceeds. We will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet till such time the Issue Proceeds have been utilized, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the Issue Proceeds have been utilized, provide details, if any, in relation to all such Issue Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Issue Proceeds.

No part of the Issue Proceeds of this issue will be paid as consideration to our Promoters, Directors, key managerial employees or Group Concerns/Companies promoted by our Promoters.

Bridge Loan

We have not raised any bridge loan against the proceeds of the Public Issue.

BASIC TERMS FOR THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI ICDR Regulations our MoA and and AoA, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Terms of Payment

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

Ranking of Equity Shares

The Equity Shares being offered through the Issue shall be subject to the provisions of the Companies Act, our MoA and AOA and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees, in receipt of Allotment of Equity Shares under the Issue, will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by our Company after the date of Allotment.

Face Value and Issue Price per Share

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

Price Band: ₹ [●] to ₹ [●] per Equity Share of Face Value of ₹ 10 each. The Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value.

Market Lot and Trading Lot

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

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriters within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

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

Investors should read the following summary with the Risk Factors included starting from page 11 and the details about Our Company and its financial statements included in this DRHP on page 134. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors

Please refer to the Competitive strength given in the section “Our Business” on page 91 of the Draft Red Herring Prospectus.

Quantitative Factors

Presented in this section is derived from our Company’s restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1) Adjusted Earnings per share (EPS)

Year ended	EPS (₹)	Weightage
March 31, 2010	13.47	3
March 31, 2009	6.18	2
March 31, 2008	6.43	1
Weighted average EPS	9.87	

2) Price Earnings ratio (P/E ratio) in relation to the Issue Price of ₹ [•] per share

	Issue Price of ₹ [•] per share
• Based on March 31, 2010 EPS of ₹ 13.47	[•]
• Based on weighted average EPS of ₹ 9.87	[•]

Industry P/E	Textile Spinning - Synthetic / Blended Industry	Steel - Medium / small Industry
• Highest	53.10	45.20
• Lowest	2.90	2.20
• Industry Composite	6.10	12.70

Source: Capital Market, Volume XXVI/02 March 21 – April 03, 2011

3) Return on Net worth

Year ended	RONW (%)	Weightage
March 31, 2010	23.47	3
March 31, 2009	14.08	2
June 30, 2008	17.05	1
Weighted Average RONW	19.27	

The average return on net worth has been computed on the basis of the restated profits and losses of the respective years.

4) Minimum return on total Net worth after issue needed to maintain pre-issue EPS of ₹ 13.47 for the year ended March 31, 2010 is [•] %

5) Net Asset Value (NAV) per share (₹)

a) As on March 31, 2010	47.02
b) Pre-Issue (As on September 30, 2010)	57.85
c) Issue Price*	[•]
d) After Issue	[•]

*would be finalised after discovery of the Issue Price through Book Building process

6) Comparison of accounting ratios with peer group companies

Textile Spinning - Synthetic / Blended Industry

Particulars*	Face Value (₹)	Turnover (in cr)	PAT (in cr)	EPS - TTM (₹)	P/E Ratio	RONW (%)	NAV (₹)
Banswara Syntex	10	631.0	74	25.5	5.1	25.9	83.3
Jindal Cotex	10	146.3	7.1	2.0	53.1	9.3	31.0
Sh. Rajasthan Syntex	10	291.6	17.6	11.0	3.0	3.7	40.1
Suryalata Spinning	10	169.7	6.3	45.1	3.0	34.4	52.5
Mukesh Udyog	10	126.7	4.3	13.5	[•]	23.5	47.0

* standalone basis

Source: Capital Market, Volume XXVI/02 March 21 – April 03, 2011

Steel – Medium / Small Industry

Particulars*	Face Value (₹)	Turnover (in cr)	PAT (in cr)	EPS - TTM (₹)	P/E Ratio	RONW (%)	NAV (₹)
APL Apollo	10	378.0	15.8	12.1	10.4	9.1	96.7
Bedmutha Inds	10	149.5	10.0	--	--	42.0	57.1
Gallantt Metal	10	433.1	23.6	2.0	10.2	15.5	20.1
Suraj Stainless	10	174.5	5.2	1.4	45.2	8.7	37.2
Mukesh Udyog	10	126.7	4.3	13.5	[•]	23.5	47.0

* standalone basis

Source: Capital Market, Volume XXVI/02 March 21 – April 03, 2011

Note: We are mainly engaged in the manufacturing of spinning yarns as well as steel. For Industry Peer comparison, we have given peer group comparison for both the industry as we are proposing to raise funds for both the segment.

7) The face value of our Equity Shares is ₹ 10 and the Issue Price is ₹ [•] i.e. [•] times of the face value.

The Book Running Lead Manager believes that the Issue Price of ₹ [•] per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

Statement of Tax Benefits

The Board of Directors
Mukesh Udyog Limited
(Formerly known as Amit Udyog Ltd)
Ludhiana

Dear Sirs,

Sub: Statement of possible tax benefits available to the company and its shareholders on proposed Further Public Issue of Shares under the existing tax laws

We hereby confirm that the enclosed annexure, prepared by the company, states the possible tax benefits available to Mukesh Udyog Limited (hereinafter referred to as "the Company") and its shareholders under the current Tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives the company faces in the future, the company may or may not choose to fulfill.

The benefits discussed in the annexure are not exhaustive and the preparation of the contents stated is the responsibility of the company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for individual professional tax advice.

Each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For **Gupta Vinod Kumar & Associates**
Chartered Accountants

(Vinod K. Gupta)
Proprietor

Membership No: 085489
Firm Registration No: 006904N

Place: Ludhiana

Date: March 23, 2011

Annexure to Statement of Possible Tax Benefits

As per the existing provisions of Income Tax Act, 1961 (hereinafter referred to as “the Act”) and other laws as applicable for the time being in force in India, the following tax benefits and deductions are available to the Company and its shareholders, subject to fulfilment of prescribed conditions;

Special Benefits available under the Income Tax Act, 1961

There are no special tax benefits available to the Company.

General Benefits available under the Income Tax Act, 1961

I. To the Company

- Under section 32 of the Act, the Company is entitled to claim depreciation at the prescribed rates on the specified tangible and intangible assets acquired and put to use for its business. In case of any new plant and machinery (other than ships and aircrafts) that will be acquired and installed by the Company in the business of manufacture or production of any article or thing, the Company will be entitled to additional depreciation equal to 20 % of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
- Under Section 10(34) of the Act, dividend income (whether interim or final) as referred to in section 115-O of the Act received by the Company from any other domestic company (in which the Company has invested) is completely exempt from tax in the hands of the Company.
- Income received in respect of the units of mutual fund (other than income arising from transfer of such units) specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of the IT Act.
- If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 - a) 20 per cent (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or
 - b) 10 per cent (plus applicable surcharge and cess) of the capital gains as computed without indexation.
- In accordance with the provisions of Section 111A of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess and secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Act, would be subject to tax at normal rates as per the provisions of the Act.
- In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on long-term capital gains [other than those covered under section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) within six

months from the date of transfer. If the new 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 for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

Provided that the investment made on or after the 1st day of April 2007 in the long-term specified asset by an assessed during any financial year does not exceed fifty lakh rupees.

“Long-term specified asset” for making any investment under this section on or after the 1st day of April, 2008 means any bond, redeemable after three years and issued on or after the 1st day of April, 2008 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956).

- The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA subject to fulfillment of certain conditions prescribed in the said section.
- Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.
- Under Section 115JAA (2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

II. To the Shareholders of the Company

A) Resident Shareholders

- As per Section 10(34) of the Act, any income by way of dividend (whether interim or final) referred to in Section 115-O of the Act, received on the shares of the Company is exempt from tax in the hands of the shareholders.
- Under Section 10(38) of the Act, the long-term capital gain arising from sale of equity shares in any company, through a recognized stock exchange, which are chargeable to Securities Transaction tax, are exempt from tax in the hands of the shareholders of the company.
- In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 - a) 20 per cent (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or
 - b) 10 per cent (plus applicable surcharge and cess) of the capital gains as computed without indexation.
- In accordance with the provisions of Section 111A of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess and secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term

capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Act, would be subject to tax at normal rates as per provisions of the Act.

- In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders of the Company would be entitled to exemption from tax on long-term capital gains [other than those covered under section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) within six months from the date of transfer. If the new 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 for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

Provided that the investment made on or after the 1st day of April 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.

“Long-term specified asset” for making any investment under this section on or after the 1st day of April, 2008 means any bond, redeemable after three years and issued on or after the 1st day of April, 2008 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956).

- In case of shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the Act, the shareholder is entitled to exemption from long-term capital gains arising from the sale of shares in the company [not covered by section 10(38) of the Act], if the net consideration is invested for purchase or construction of a residential house within the prescribed period. If part of the net consideration is invested within the prescribed period in the purchase or construction of a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains in the year in which such residential house is transferred.
- In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and Gains of Business or Profession” as per the provisions of section 36(xv) of the Act.

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

- Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the non-resident / Foreign Company shareholders, as per section 10 (34) of the Act.
- As per section 115A of the Act, dividend income other than dividend income referred to in section 115-O of the Act, received by non-resident shareholders/Foreign Company would be subject to tax at the rate of 20% (plus applicable surcharge and cess).
- Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax, in the hands of the non-resident/Foreign Company shareholders.
- As per first proviso to Section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and

expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case.

- Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of six months after the date of such transfer, subject to maximum limit of ₹ 50 Lacs during any financial year, minimum for a period of 3 years in bonds issued by the following:
 - i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and
 - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assesses transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

- Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.
- Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of the non-resident / Foreign Company shareholders.
- If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act as may be prescribed in each year's Finance Act, in the hands of the non-resident / Foreign Company shareholders.
- As per the provisions of section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), capital gain, business income payable to nonresident/Foreign Company shareholders, may be liable to the provisions of with-holding tax, subject to the provisions of relevant tax treaty and the Act. Accordingly income tax may have to be deducted at source in the case of a non-resident/ Foreign Company shareholders at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assesses unless a lower withholding tax certificate is obtained from the tax authorities.
- As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

C) Foreign Institutional Investors (FIIs)

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

- As per section 115AD of the Act, dividend income other than dividend income referred to in section 115-O of the Act, in respect of equity shares received by FIIs would be subject to tax at 20% (plus applicable surcharge and cess).
- As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
- As per section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax in the hands of the FIIs.
- As per section 115AD of the Act, if securities transaction tax is not charged on transfer of long term capital asset being an equity share in a company, the capital gains are taxed at the rate of 10% (plus applicable surcharge and cess). Cost Indexation benefit and foreign currency fluctuation benefit as per proviso to section 48 of the Act will not be available in such a case.
- Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of ₹ 5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:
 - i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and
 - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

- As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.
- As per section 111A read with section 115AD of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess).
- As per section 115AD of the Act, if securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company then it would be taxed at the rate of 30% (plus applicable surcharge and cess).
- In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
- Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits & gains of business or profession" under clause (xv) subsection (1) of sec. 36 of Income Tax Act, 1961.

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

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

- As per section 196D of the Act, income by way of capital gain payable to FII, is not liable to withholding tax.
- As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

D) Non-Resident Indian Shareholders

- Certain non-resident individual shareholders being a citizen of India or person of Indian origin (NRI) has an option to be governed by the provisions of Chapter XII-A of the Act.
- As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
- As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, dividend income other than dividend income referred to in section 115-O of the Act, received by NRI would be subject to tax at 20% plus applicable surcharge and cess.
- As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, capital gains arising to the NRI on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concession ally taxed at the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge and cess.
- Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to the NRI from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from Income tax, if the net consideration is invested in specified assets or specified savings certificates within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under provisions of section 115G of the Act it shall not be necessary for the NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there-from.
- Under section 115-I of the Act, the NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income under section 139 of the Act declaring therein that the provisions of the chapter shall not apply to him for that assessment year and if he does so, the provisions of this chapter shall not apply to him, instead the other provisions of the Act shall apply.

E) Mutual Funds

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

- i) a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;
- ii) Such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specified in this behalf; will be exempt from income tax.

Benefits available 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. Hence, the investment in the shares is not liable to Wealth Tax.

Benefits to shareholders of the Company under the Gift Tax Act, 1958

- Gifts made after 1st October 1998 is not liable to gift tax, and hence, gift of shares of the Company would not be liable for gift tax.

Tax Treaty Benefits

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

Venture Capital Companies/Funds

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

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2010.
2. All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
3. 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.
4. 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.
5. A shareholder 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 legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

For Gupta Vinod Kumar & Associates
Chartered Accountants

(Vinod K. Gupta)
Proprietor
Membership No: 085489
Firm Registration No: 006904N

Place: Ludhiana
Date: March 23, 2011

SECTION VI - ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI (ICDR) Regulations, 2009, the discussion on the business of Our Company in the Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Red Herring Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.

INDIAN TEXTILE INDUSTRY

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4 percent to the GDP, and 17% to the country's export earnings. It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textiles industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sectors form the largest section of the Textiles

The major sub-sectors that comprise the textiles sector include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-made Fibre / Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

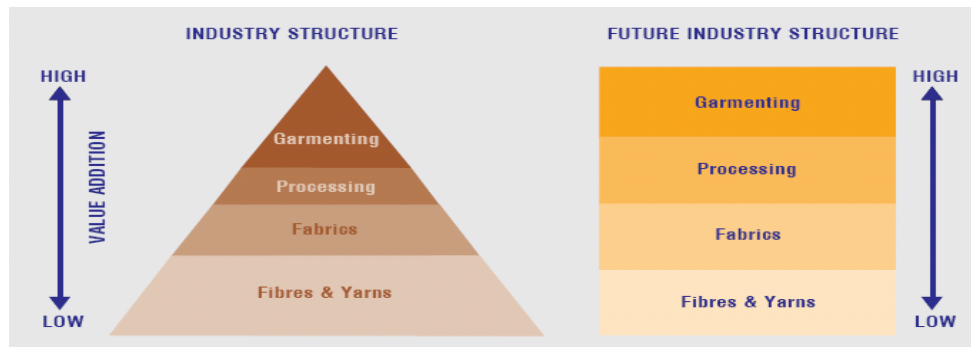
India has made inroads into the markets of its key competitors which include Asian countries such as Sri Lanka, Bangladesh, Vietnam and Cambodia. The Indian textile and apparel industry is taking a new course by entering the Chinese market. Most of the top global apparel retailers, such as JC Penny, Nautica, Docker and Target, have their sourcing network in India. Indian textiles and apparel exports, which is worth US\$ 22 billion, is expected to register a four-fold increase to touch US\$ 90 to 100 billion in the next 25 years.

According to the Minister for Textiles, Mr Dayanidhi Maran, around US\$ 5.35 billion of foreign investment is expected to be made in India in the textile sector over the next five years.

The textiles industry has attracted foreign direct investment (FDI) worth US\$ 817.26 million between April 2000 and March 2010, according to data released by the Department of Industrial Policy and Promotion.

(Source: <http://www.ibef.org>,
http://www.ibef.org/artdispview.aspx?in=73&art_id=26095&cat_id=123&page=2)

Current Industry Structure and Future Industry Structure



The current textile industry structure in India is with maximum players in the Fibres and Yarns and very few players in the Garmenting and retailing sector. But now Indian players have realized the need to be a vertically integrated player and more and more companies are moving up the value chain both organically as well as through consolidations.

The major sub-sectors that comprise the textiles sector include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-made Fibre / Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

Exports

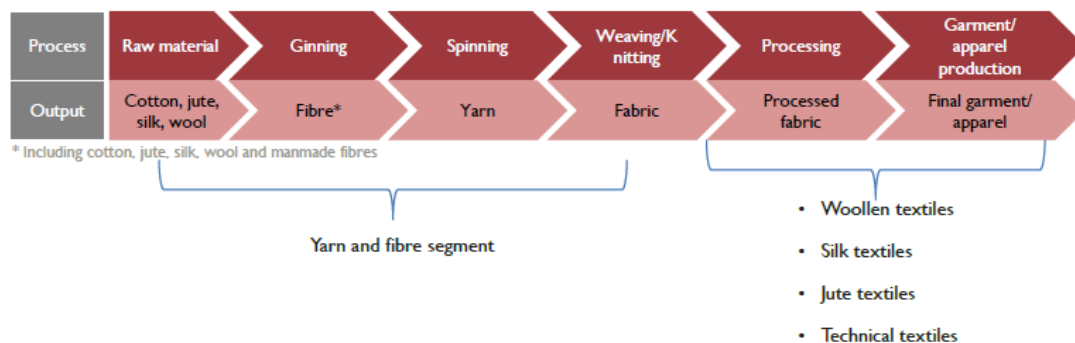
India's textiles and clothing industry is one of the mainstays of national economy. It is also one of the largest contributing sectors of India's exports worldwide. At current prices the Indian textiles industry is pegged at US\$ 55 billion, 64% of which services domestic demand. The textiles industry accounts for 14% of industrial production; employs 35 million people and accounts for nearly 12% share of the country's total exports basket.

Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota were discontinued.

India's textiles & clothing (T&C) export registered robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 as T&C exports were US\$19.15 billion recording a increase of 9.28% over previous year and reached USD22.15 billion in 2007-08 denoting an increase of 15.7% but declined by over 5% in 2008-09 with exports of USD 20.94 billion.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

Key Segments of the Textile Industry



ORGANISED COTTON/ MAN - MADE FIBRE TEXTILES INDUSTRY

The Cotton/ Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of

subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on 31.10.2009, there were 1834 cotton/manmade fibre textile mills (non-SSI) in the country with an installed capacity of 37.07 million spindles, 4,89,718 rotors and 56,524 looms.

Textile production covering man-made fibre, filament yarn and spun yarn is showing increasing trend. Man-made fibre production recorded a fall of about 15% and filament yarn production recorded a fall of about 6% during 2008 - 2009. The Production of same during April-Oct (2009-10) is showing an increasing trend by 13% each (Provisional). The production of cotton yarn during 2008-09 recorded a fall of about 4% during 2008-09 and the same during April-Oct (2009-10) is showing an increasing trend by 5% (Provisional).

During 2008-09 cloth production by handloom, power loom decreased by about 4% and 3%, hosiery sectors production increased by 2%. Overall cloth production decreased by about 2% during 2008-09. Cloth production by mill sector showed marginal decrease of 1% during April-Oct. (2009-10) (provisional). During the same period cloth production by handloom, power loom and hosiery sector showed an increase of 2%, 12% and 11% respectively (provisional).

The capacity utilization in the spinning sector of the organized textile mill industry ranged between 80 to 90% while the capacity utilization in the weaving sector of the organized textile mill industry ranged between 41 to 62%.

Production of Spun Yarn

(In Mn Kg)

Year	Cotton Yarn	Blended Yarn and 100% non-cotton yarn	Total Spun Yarn
2005-06	2521	937	3458
2006-07	2824	989	3813
2007-08	2948	1055	4003
2008-09	2898	1016	3914
2009-10(P) (April-Oct)	1744	627	2371

P-Provisional

The data on production of cloth in the mills during the past sever years and the current year is given below:

Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (P)	2009-10 (April-Oct)(P)
Cotton	1019	969	1072	1192	1305	1249	1259	726
Blended	263	253	243	252	330	422	426	245
100% Non Cotton	214	212	211	212	111	110	111	64
Total	1496	1434	1526	1656	1746	1781	1796	1035

P-Provisional

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

MAN- MADE STAPLE FIBRE AND FILAMENT YARN INDUSTRY

The industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles, while the non-cellulosic industry is under the control of Ministry of Chemicals and Fertilizers (Department of Chemicals and Petro-Chemicals).

The production of man-made staple fibre industry which decreased by 14% in 2008-09 as compared to 2007-08 is expected to increase by 19% during 2009-10. The production of all the Manmade staple fibres except polypropylene staple fibre are expected to record a positive growth in 2009-10 as compared to previous year. Viscose, Polyester and Acrylic staple fibre are expected to increase by 29%, 16%, 20% respectively while Polypropylene staple fibre is expected to decrease by about 6% in 2009-10.

The total production of man-made filament yarn is expected to increase by 7% during 2009-10. The production of viscose, nylon and polyester filament yarn are expected to increase by 1%, 6% and 8% respectively while for polypropylene filament yarn, is expected to decrease marginally by 1% during 2009-10. The installed capacity and details of production of man-made staple fibre and filament yarn are given at table 5.4.

The installed capacity and details of production of man made staple fibre and filament yarn are as under:

Type	No. of units	Installed Capacity (TPA) 30-12-2009(P)	Production (Mn. Kg)				
			2006-07	2007-08	2008-09(P)	2009-10 (April-Dec.) (P)	2009-10 (P)
Staple Fibre							
Viscose	6	418.68	246.83	279.90	232.75	220.86	301.00
Polyester	15	1182.73	792.00	879.61	750.11	653.54	870.54
Acrylic	8	153.00	97.12	81.23	79.51	72.08	95.22
Polypropylene	3	8.70	3.52	3.43	3.43	2.37	3.24
Total	32	1763.11	1139.47	1244.17	1065.80	948.85	1270.00
Filament Yarn							
Viscose	7	80.10	53.99	51.07	42.42	32.02	42.86
Nylon #	11	32.00	32.25	27.62	28.07	22.40	29.66
Polyester ##	43	2013.49	1270.87	1420.14	1332.09	1081.48	1436.46
Polypropylene #	13	17.63	13.37	10.51	15.08	11.34	14.87
Total	74	2143.22	1370.48	1509.34	1417.66	1147.24	1523.85

P = Provisional

= The exclusive capacity of N.F.Y. and P.P.F.Y.

= The Capacity under Broad Banding Scheme has been indicated against P.F.Y.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

COTTON

Cotton is one of the principal crops of the country and is the major raw material for domestic textile industry. It provides sustenance to million of farmers as also the workers involved in cotton industry, right from processing to trading of cotton. The Indian textile industry consumes a diverse range of fibres and yarn, but is predominantly cotton based. The ratio of the use of cotton to manmade fibres and filament yarns by the domestic industry is about 56:46. The textile sector is the second largest provider of employment after agriculture. Hence, growth and all around development of cotton and cotton industry has a vital bearing on the overall development of the Indian economy.

Cotton is produced in India in three zones viz., Northern zone comprising the States of Punjab, Haryana and Rajasthan, Central zone comprising the States of Maharashtra, Madhya Pradesh and Gujarat and Southern zone comprising the States of Andhra Pradesh, Karnataka and Tamil Nadu. Besides these nine States, cotton cultivation has gained momentum in the eastern State of Orissa. During cotton season 2008-09, despite adverse agro-climatic conditions, the country once again harvested higher cotton production for the fifth consecutive year at 4.93 million metric tons (equivalent

to 29.0 million bales of 170 kgs each). However, the same is lower by around 8% as compared to the record cotton production of 5.36 million metric tons (30.7 million bales) during 2007-08. The adverse agro-climatic conditions, insufficient rains in certain parts had affected the cotton yield during the year 2008-09 and the same had been at 526 kgs per hectare as against 567 kgs per hectare during cotton year 2007-08.

India has brought about a qualitative and quantitative transformation in the production of cotton since her independence. During the year 2008-09, the cotton production in the country was estimated to be 290 lakh bales as against the production of 307 lakh bales during the previous year. India has the distinction of having the largest area under cotton cultivation at around 9 million hectares and constitutes around 25% of the total world. However, in productivity (567 kg.lint/ha), India is far behind many countries (USA: 912 kg/ha, China: 1251 kg/ha and World Average: 766 kg/ha). One of the major reasons for low yield is that 65 % area under cotton is rain fed. The country's cotton output for the cotton season 2009-10 has been estimated at a record 295 bales (of 170 kgs each). First time in 2007-08 cotton season, cotton yield of about 567 kg/ hectare which reduced to 524 in 2008-09 and 494 in 2009-10. With the further possibility of higher use of Bt seeds/ Hybrid seeds and a decline in the cost of such seeds, it is projected that by the terminal year of XI Five year plan (2007- 2012), the yield per hectare will increase to 700 kgs and cotton production will reach the level of 390 lakh bales.

Cotton has turned out to be an incredibly good performer in the country's agricultural sector. India ranks first in cotton-cultivated area and second in production among all cotton producing countries in the world, next to China and the USA.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

THE INDIA ADVANTAGE

Moreover certain natural advantages and external factors have fuelled the growth of this industry with a clear competitive edge.

Availability of Raw Materials

India's position is strong vis-à-vis other countries in most raw materials

- Second largest player in world cotton trade
- Largest producer of jute
- Second largest producer of silk
- Third largest producer of cotton, accounting for nearly 16% of global production
- Third largest producer of cellulosic fibre/yarn
- Fifth largest producer of synthetic fibres/yarn
- Eleventh largest producer of wool

Cotton

Cotton is the predominant fabric used in the Indian textile industry – nearly 60 % of the overall consumption in textiles and more than 75% production in spinning mills is cotton.

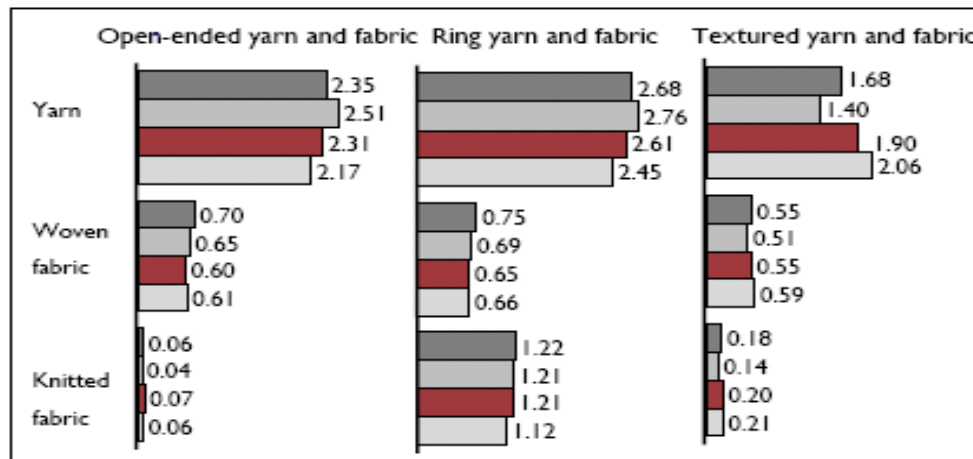
- Nearly 56% of yarn produced is made of cotton
- India is the second largest player in world cotton trade
- India produces nearly 23 varieties of cotton
- Cotton yield per hectare is the lowest and the country has the largest acreage land under cultivation
- Grade and timing of purchase is essential for pricing
- US subsidies will greatly affect the pricing of Cotton
- Of the Total Yarn Manufactured in India, Long Staple yarns dominate the yarn Industry
 - Long Staple – 69%
 - Short Staple – 6%
 - Medium Staple – 25%

(Source: www.imacs.in and Annual Report 2009 – 2010, Ministry of Textiles, GOI)

Low Cost Quality Materials

Access to raw material and fabric is equally important for global buyers. Having a reliable domestic supply source reduces the turnaround time, which is critical in the mercurial world of fashion. Local supply sources also reduce transportation cost besides making it easier to ramp up capacity as demand rises. Countries with well-developed indigenous textile sectors such as China, India, Pakistan and Indonesia will have an advantage over those that rely on imports. India capitalizes on strong raw material base - cotton, man-made fibres, jute, silk India has natural fibres like cotton, jute, silk and wool to man made fibres like polyester, viscose, acrylic and multiple blends of such fibres. India has overtaken the US to become the world's 2nd largest cotton producing country, after China, as per a study by International Service for the Acquisition of Agri-biotech Application. BT cotton was a major factor contributing to higher rate of production, from 15.8 million bales in 2001-02 to 31 million bales in 2007-08.

Cost competitiveness



Source: www.texmin.nic.in - statistics

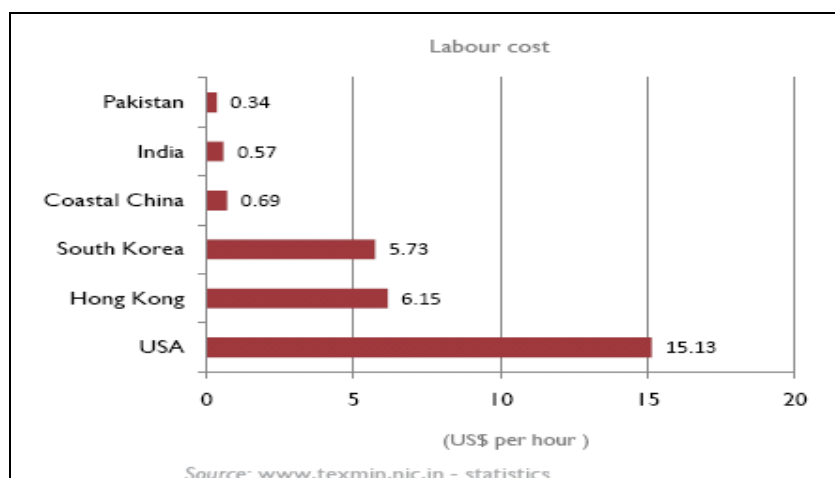
Yarn: US\$ per kg of yarn

Fabric: US\$ per yard of fabric



Cheap Skilled Labor

Labor cost per unit of output for India is one of the lowest in the world. Developed countries like the US and EU are at a comparative disadvantage as their cost of production is almost 37 times higher than that of China or India, while the quality and skill sets are of similar standards. Moreover, with reforms in labor laws slowly taking shape and thrust of the government towards regularizing the unorganized sector makes India competitive in the outsourcing scenario.

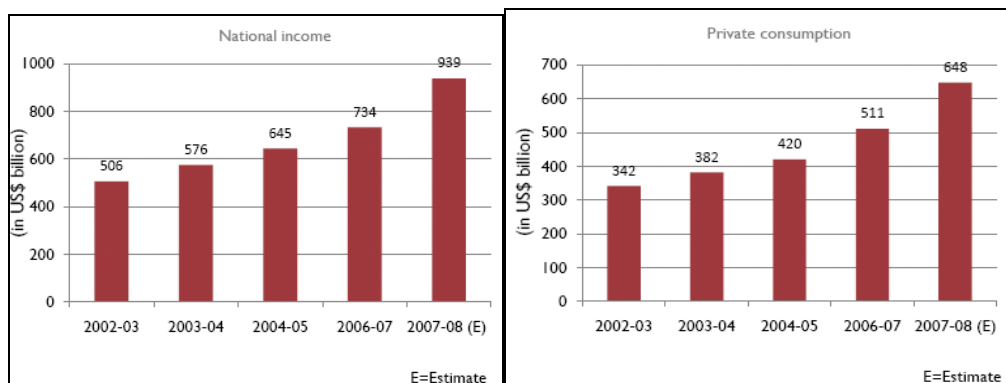


Consumer Demographics

Disposable incomes have been rising steadily in India.

The consuming class is expected to constitute 80 per cent of the population by 2010.

Change in consumer mindset has led to an increasing spend on consumption, including textiles.



Source: IBEF, Report of Textiles and Apparels, September, 2009

Investments in the Textile sector

Indian textile companies are expanding their manufacturing facilities to industrial fabrics to tap new customers in the construction, automobiles and healthcare sectors, who are currently importing these products. Some of the major global luxury apparel retailers are eyeing markets like India. According to industry analysts, the market for luxury and premium brands in India is estimated at about US\$ 1.3 billion - US\$ 1.5 billion and growing at about 25-30 per cent.

Growth Drivers

Domestic Growth Drivers

- Growth in GDP Rate by 8.5% p.a
- Increase in Working Population
- Increase in Young Population
- Greater Disposable Income
- Usage of newer Credit facilities
- Growth in Organized Retail
- Change in Lifestyle
- Increase in Hotels and Tourism

- Hospitals and other Healthcare Products (diapers etc)
- Auto Textiles
- Sports Shoes and Shoe Industry
- Packaging Items

Global Factors

- Need for Vertically Integrated Players
- Quota Regime on China
- Rising Outsourcing Budgets of Textile Players
- Increase in Specialty Stores
- Rising Inflation and Uncompetitive manufacturing in the Developed world
- Indian Companies have design studios abroad
- Dismantling of spinning and weaving capacities in USA, Europe and Japan
- Better Corporate Governance of Indian Corporates
- Chances of Removal of Subsidies on Cotton Production in USA

Government Initiatives

Some of the steps taken by the Government to support the textiles and garments industry include the following:

- Additional allocation of US Rs. 1400 Crores million to clear the entire backlog of Technology Upgradation Fund Scheme (TUFS).
- All items of handicrafts to be included under “Vishesh Krishi & Gram udyog Yojana (VK&GUY)”.
- Provision of Additional funds for full refund of Terminal Excise Duty/Central Sales Tax.
- Enhanced back-up guarantee to EPGC to cover for exports to difficult markets/products.
- Refund of Service Tax on foreign agent commissions of upto 10% of Freight on Board (FOB)
- Value of exports as well as refund of service tax on output service while availing benefits under Duty Drawback Scheme.
- Credit targets of Public Sector Banks revised upward to reflect the needs of the economy.
- Guarantee cover under Credit Guarantee Scheme doubled to Rs.10 million with cover of 50%.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

Textile Upgradation Scheme

The Technology Upgradation Fund Scheme (TUFS) was commissioned on 01.04.1999 initially for a period of 5 years with a view to facilitate the modernization and upgradation of the textiles industry by providing credit at reduced rates to the entrepreneurs both in the organized and the unorganized sector. The Scheme, which has now been extended up to 31.03.2012, has been fine-tuned to catapult the rapid investments in the targeted segments of the textile industry. TUFS has helped in the transition from a quantitatively restricted textiles trade to market driven global merchandise. It has infused an investment climate in the textiles sector and in its operational life span has propelled investment of more than Rs.1,86,804 crores upto 30.9.2009.

The modified techno-financial parameters of the Scheme will infuse capital investment into the textiles sector, and help it capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness. It is estimated that this will ensure a growth rate of 16% in the sector. The modified structure of TUFS focuses on additional capacity building, better adoption of technology, and provides for a higher level of assistance to segments that have a larger potential for growth, like garmenting, technical textiles, and processing.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

Scheme for Integrated Textile Parks (SITP)

The 'Scheme for Integrated Textile Parks (SITP)' is being implemented to facilitate setting up of textile units with appropriate support infrastructure. Industry Associations / Group of Entrepreneurs are the main promoters of the Integrated Textiles Park (ITP).

The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers common infrastructure and buildings for production/ support activities, depending on the needs of the ITP.

Forty (40) textiles park projects have been approved by the Ministry of Textiles. State-wise sanction of project is – Andhra Pradesh (5), Gujarat (7), Karnataka (1), Madhya Pradesh (1), Maharashtra (9), Punjab (3) Rajasthan (6), Tamil Nadu (7), and West Bengal (1). These Parks would have facilities for spinning, sizing, texturising, weaving, processing, apparels etc. The estimated project cost (for common infrastructure and common facilities) is Rs. 4141.35 Crore, of which Government of India assistance under the scheme would be Rs. 1422.43 Crore. 2216 entrepreneurs will put up their units in these parks covering an area of 4334 Acre. The projected investment in these parks is Rs. 19,459 Crore and estimated annual production is Rs 33,587 Crore.

(Source: Annual Report 2009 – 2010, Ministry of Textiles, GOI)

THE ROAD AHEAD

The government strategizes to attract foreign investments in the textile sector by initiating trade talks with manufacturers and business groups in Switzerland, Italy and Turkey. The aim is to tap foreign capital towards establishing green field units in textiles machinery, fabric and garment manufacturing and attracting investments in the field of technical textiles. India offers various incentives to foreign investors like low-cost labour and intellectual right protection. The government has allowed 100 per cent FDI in the textiles sector. India has a vertical and horizontal integrated textiles value chain, and represents a strong presence in the entire value chain from raw materials to finished goods.

The textile ministry expects Textile Industry to more than double to \$115 billion by 2012 from the current \$50 billion. India's share of global textile exports is expected to increase from the current 4.0 per cent to around 7.0 per cent over the next three-years. The textile ministry is also pursuing trade agreements with the US and the European Union, which together account for almost 40 per cent of the country's textile exports. The government is looking at new markets in Russia, China, South East Asia, the Middle East, Japan and Latin America, under the new export policy.

(Source: http://www.domain-b.com/industry/Textiles/20091007_textile_ministry.html)

INDIAN IRON AND STEEL INDUSTRY

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.

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

Production, consumption and growth of steel

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, Government of India, Annual report 2009-10)

Crude steel production has shown a sustained rise since 2004-05 along with capacity. Data on crude steel production, capacity and capacity utilization are given in the table below:

Year	Crude steel		
	Capacity ('000 tonne)	Production ('000 tonne)	Capacity utilisation (%)
2004-05	47995	43437	91
2005-06	51171	46460	91
2006-07	56843	50817	89
2007-08	59845	53857	91
2008-09	66343	58437	88
Apr-Dec 2009-10*	72763**	45775	84

Source: JPC; * =Provisional; **6.42 million tonne capacity added during April-December 2009

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

The growth was driven by capacity expansion from 47.99 million tonne per annum (mtpa) in 2004-05 to 72.76 mtpa in 2009-10 (upto December 2009). Crude steel production grew at a CAGR of 8.6 per cent during the five years, 2004-05 to 2008-09. Production for sale of total finished steel at 57.16 million tonne during 2008-09 as against 43.51 million tonne in 2004-05 at average annual growth rate of 7%. With growth in production for sale lagging behind consumption growth, India has turned into a net importer of finished steel in 2007-08. Exports have also declined to ensure greater domestic availability.

The above crude steel performance has been contributed largely by the strong trends in growth of the electric route of steel making, particularly the induction furnace route, which accounted for 31 per cent of total crude steel production in the country during 2008-09 and has emerged as a key driver of crude steel production.

The process route-wise production of crude steel in the country during 2004-05, 2008-09 and April-December 2009-10 (provisional) are shown in the table below and indicates the emergence of the electric route of production compared to the oxygen route:

Crude steel production by Process Route	Percentage share (%)		
	2004-05	2008-09	2009-10* (April-December)
Basic Oxygen Furnace (BOF)	52	45	47
Electric Arc Furnace (EAF)	18	24	26
Induction Furnace (IF)	30	31	27
Total	100	100	100

Source: JPC; *=Provisional

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

India is also a leading producer of sponge iron with a host of coal based units, located in the mineral-rich states of the country. Over the years, the coal based route has emerged as a key contributor to overall production; its share has increased from 64% in 2004-05 to 74% in 2008-09. Capacity in sponge iron making has also increased over the years and currently stands at 32 million tonne. The table below shows the production of sponge iron in the country in the last five years and 2009-10 (April-December 2009) indicating the break-up of the share of coal and gas based route of production:

Year	Production of sponge iron					(unit: million tonne)
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10* (April-December)
Coal based	7.89	10.28	13.08	14.53	15.57	10.92
Gas based	4.64	4.54	5.26	5.84	5.52	4.56
Total	12.53	14.82	18.34	20.37	21.09	15.48

Source: JPC; *=Provisional

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

India is also an important producer of pig iron. Post-liberalisation, with setting up several units in the private sector, not only imports have drastically reduced but also India has turned out to be a net exporter of pig iron. The private sector accounts for nearly 90% of total production for sale of pig iron in the country. The domestic availability situation of pig iron is given in the table below:

Pig Iron Domestic Availability Scenario						('000 tonne)
Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10* (Apr-Dec)
Production for sale	3228	4695	4953	5284	6207	4248
Import	8	3	3	11	8	10
Export	393	440	707	560	350	227
Consumption	2791	4136	4336	4621	5870	4025
<i>Source: JPC, * = provisional</i>						

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

Production of Iron & Steel

(a) Finished Carbon Steel Production

The total production of finished carbon steel in the country has been 65.465 million tonnes in 2009-10 as compared to 14.33 million tonnes in 1991-92. The high share of the secondary sector in finished steel production is largely due to substantial supplies of semis, the basic feed material from the main producers for conversion to needed shapes by rolling.

PRODUCTION OF FINISHED CARBON STEEL (In million tonnes)				
Year	Main Producers	Secondary Producers	Grand Total	% of share of Secondary Producers
2003-2004	15.19	21.00	36.19	58.03 %
2004-2005	15.61	24.44	40.05	61.02 %
2005-06 (Prov.)	16.236	26.400	42.636	61.92 %
2006-2007	17.390	37.756	55.146	68.46 %
2007-2008	17.765	40.565	58.233	69.54 %
2008-2009	17.216	46.229	63.445	72.86%
2009-2010	17.900	46.565	65.465	72.66 %
2010-2011 (Apr-Dec)(Prov)	13.289	38.437	51.726	74.3%

(Source: JPC, <http://www.steel.nic.in/development.htm>)

(b) Pig Iron Production

The total production of Pig Iron was 5.796 million tonnes in 2009-10 as compared to 1.59 million tonnes in 1991-92. Earlier Pig Iron was produced primarily by the integrated steel plant of SAIL and RINL. Of late, the share of stand-alone pig iron units has increased significantly.

PRODUCER - WISE PRODUCTION OF PIG IRON (In million tonnes)				
Year	Main producers	Secondary producers	Grand total	%age share of the Secondary Producers
2003-2004	0.97	4.25	5.22	81.48 %
2004-2005	0.625	2.603	3.228	80.63 %
2005-06 (Prov)	1.006	2.850	3.856	73.91 %

2006-2007	0.860	4.133	4.993	82.77%
2007-2008	0.936	4.378	5.314	82.38 %
2008-2009	0.589	5.662	6.211	90.51 %
2009-2010 (Prov)	0.731	5.065	5.796	87.38 %
2010-2011 (Apr-Dec)(Prov)	0.490	3.765	4.255	88.48%

(Source : JPC, <http://www.steel.nic.in/development.htm>)

(c) DRI Production

The production of DRI has increased from 1.31 million tonnes in 1991-92 to 20.738 million tonnes in 2009-10. India has emerged as the second largest producer of DRI in the world after Venezuela.

PRODUCTION OF DRI (In million tonnes)		
Year	Production	% increase
2003-2004	8.08	16.93 %
2004-2005	10.296	-
2005-06 (Apr-Dec)	12.50	21.4 %
2006-2007	18.345	-
2007-2008	20.376	-
2008-2009	21.091	-
2009-2010 (Prov)	20.738	-
2010-2011 (Apr-Dec)(Prov)	20.005	-

(Source: JPC, <http://www.steel.nic.in/development.htm>)

Import and Export of Iron & Steel

IMPORT OF IRON AND STEEL (In '000 tonnes)			
Year	Pig Iron	Steel TOTAL(CARBON)	Total Value (Pig Iron + Steel) (Rs. In Crores)
2003-2004	2	1650	.N.A.
2004-2005	8	2109	N.A.
2005-2006	3	3850	N.A.
2006-2007 (Partly Estamited)	3	4436	N.A.
2007-2008	11	6581	N.A..
2008-2009	8	5839	N.A.

2009-2010 (Partly Estimated)	11	7296	N.A.
2010-2011 (Apr-Dec)(Prov)	7	5359	N.A.

(Source : JPC, <http://www.steel.nic.in/development.htm>)

Although India started exporting steel way back in 1964, exports were not regulated and depended largely on domestic surpluses. However, in the years following economic liberalisation, export of steel recorded a quantum jump.

EXPORT OF IRON AND STEEL (In '000 Tonnes)					
Year	Pig Iron	Semis	Finished Carbon Steel	Total Steel	Total Value (Rs. Crores)
2003-2004	576	701	5221	5922	N.A.
2004-2005	393	261	4381	4903	N.A.
2005-06	440	350	4478	4828	N.A.
2006-2007 (Partly Estimated)	350	665	4750	5415	N.A.
2007-2008	560	373	4627	5000	N.A.
2008-2009	350	746	4437	5183	N.A.
2009-2010 (Partly Estimated)	278	355	3235	3690	N.A.
2010-2011 (Apr-Dec)(Prov)	209	255	2462	2717	N.A.

(Source : JPC, <http://www.steel.nic.in/development.htm>)

Global ranking of Indian steel

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

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

Foreign investments and private sector participation

Domestic and foreign investors have shown a great deal of interest in setting up steel capacities in the country. Prospective investors include the existing public sector as well as private sector manufacturers, reputed foreign manufacturers, sponge iron makers going in for forward integration, as well as small rolling mills trying to get into backward integration, among others.

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

Government Initiatives

The pre-de-regulation phase has seen the Ministry of Steel in the key role of a regulator which was essential, given the operating economic conditions, the limited presence of industry and the scarcity

of key raw material for steel-making at home. Through skillful and judicious decisions on allocation and pricing and formulating related policy measures, the Ministry of Steel had played an important role in taking the steel industry forward in this phase.

In the post-de-regulation period, the role of the Ministry of Steel has primarily been that of a facilitator for the Indian steel industry, being responsible for the planning and development of the iron and steel industry, development of essential inputs such as iron ore, limestone, dolomite, manganese ore, chromites, ferro alloys, sponge iron, and other related functions. In its present day role, the Ministry of Steel is extending all possible support for the development of the Iron and Steel Industry in the country, in matters like:

- Facilitating expedited growth of steel capacity investments through active coordination and formulation of right policy directives. An Inter-Ministerial Group (IMG) is functioning in the Ministry of Steel, under the Chairmanship of Secretary (Steel) to monitor and coordinate major steel investments in the country.
- Providing linkage for raw materials, rail movement clearance etc. for new plants and expansion of existing ones.
- Facilitating movement of raw materials other than coal through finalisation of wagon requirements and ensuring an un-interrupted supply of raw materials to the producers.
- Regular interactions with entrepreneurs proposing to set up new ventures, to review the progress of implementation and assess problems faced.
- Identification of infrastructural and related facilities required by the steel industry, and coordination of infrastructure requirement of steel sector with the concern Ministries/Department.
- Promoting, developing and propagating the proper and effective use of steel and increasing the intensity of steel usage, particularly in the construction sector in rural and semi urban areas, through "Institute for Steel Development and Growth (INS DAG)" in Kolkata.
- Encouraging research and development activities in the steel sector. An Empowered Committee under the Chairmanship of Secretary (Steel) provides overall direction to research efforts on iron and steel in the country and approves specific research projects placed before it for funding, fully or partially, from the Steel Development Fund. Efforts are being made to further augment R&D activities in the country with Government budgetary support during the 11th plan period.
- Providing technical inputs to the Norms Committee in Director General of Foreign Trade (DGFT), Department of Commerce, to fix/revise input-output norms to facilitate export of iron, steel, ferro-alloy, refractories and engineering products.
- Providing technical input to Ministry of Environment & Forest (MoEF) for grant of Host Country Approval under the Clean Development Mechanism (CDM) and United Nations Framework Convention on Climate Change (UNFCCC).
- Co-ordinating with Bureau of Indian Standards for formulation /amendment of Indian standards for Iron & Steel products.
- Co-ordinating with Central Pollution Control Board/MoEF for environment management and pollution control and waste management.
- Facilitating improvement in performance of integrated steel plants through the Prime Minister's Trophy Scheme, giving recognition to the best performing steel plant in India.
- Addressing the problem of shortage of technically qualified manpower to sustain development and growth of the iron and steel industry in India.

The Indian Steel Industry has withstood international competition despite the reduction of basic customs duty on steel from 25-30% in 2002-03 to 5% currently. The industry now operates in an open economy where exports and imports respond to increases or decreases in the domestic demand driven primarily by market signals. While exports of finished steel were sustained at a level of 4-5 million tonne per annum during the 10th Plan, imports sharply increased from about 1.75 million tonne in 2003-04 to 5.21 million tonne in April-December 2009 (provisional data), not because of fall in competitiveness but to fill up supply-demand gap in the domestic market.

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

BUSINESS OVERVIEW

We are an ISO 9001:2000 certified Company engaged in the business of manufacturing of Acrylic, Polyester, Polyester Cotton and Cotton, combed and carded yarns. The yarns produced by our Company are used for made ups in apparels, hosiery & garment industry.

We have current installed capacity of 30,000 spindles for acrylic, cotton blended and polyester yarns. We gradually increased the manufacturing capacities to fulfill the requirements of the domestic markets.

Our Company is expanding the capacity of our existing spinning unit by setting up a new facility of 13,200 spindles at our existing location at VPO Buddhewal, Near Kohara Teh. and Dist. Ludhiana for manufacturing of cotton and synthetic yarn.

Recently we have commissioned a facility at our existing location for manufacturing steel billets, with an annual capacity of 49,000 TPA. The commercial production for the steel billet unit was started with effect from September 30, 2010

Our business operations are described in a diagrammatic manner as under:



Our Company has received Mega Project approval from the Punjab State Government vide their letter no. CC/JDP/Mega/Mukesh/5569 dated December 26, 2007. Consequently, we entered into an agreement dated March 14, 2008, with the Punjab State Government. The said Mega Project status has been amended vide a revised letter of intent no. CC/JDP/Mega/Mukesh/5990 dated December 17, 2010, which includes our Spinning Division and Steel Division. The spinning and steel projects have been granted the status of Mega Project for which following concessions will be available for this project:

- Exemption from Electricity Duty upto 5% for 5 years.
- Exemption from Stamp Duty as levied in schedule 1-A of Indian Stamp Duty Act, on purchase/lease of land
- Exemption from Advance Consumption Deposit in case of expansion projects, provided consumption does not exceed from the present level was granted, subject to clearance from the Punjab State Electricity Regulatory Authority.

Location:

Currently, we are operating from the following unit:

Unit	Location	Activity
Textile Unit	VPO Buddhewal, Near Kohara Teh. and Dist. Ludhiana	Manufacturing of Acrylic, Polyester, Polyester Cotton and Cotton yarns
Steel Unit	VPO Buddhewal, Near Kohara Teh. and Dist. Ludhiana	Manufacturing of Steel Billets

We further intend to enhance the capacity of the textile unit by 13,200 spindles at the existing plant location.

As a forward integration strategy, we also intend to set up a Steel Rolling mill having a capacity of 49,000 TPA, which shall produce structural steel, flats, rounds etc, which are used in the construction,

automotive and engineering sectors at our existing location at VPO Buddhewal, Near Kohara Teh., Dist. Ludhiana.

BRIEF DETAILS ABOUT THE PROJECT

For details about the project, please refer section titled “Objects of the Issue” beginning from page 51 of this Draft Red Herring Prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

1. Quality Standards

Our Company has believed in the quality in our processes and products. We have been certified ISO 9001: 2000 for Quality Management System by Kvalitet Veritas Quality Assurance for our manufacturing facility at VPO Buddhewal, Near Kohara Teh. and Dist. Ludhiana. Our Company is dedicated towards quality of our products, processes and inputs. We adhere to quality standards as prescribed by our customers.

2. Strong Customer Base

Our Company has strong customer base in the local market. Over a period of time, our Company has built-up a track record for quality products and timely delivery. Our Marketing team closely interacts with the customers, understands their requirements and delivers the products as per their requirements. Our Company has been able to retain customers and further strengthen the relationship by providing them products suited to their requirements. Further we have also commenced exports during the current financial year.

3. Experienced and Qualified Management

All our individual Promoters are experienced in our line of business. Further we have employed key professionals having technical and commercial backgrounds. Our company feels that the strength of any successful organization lies in the experience and guidance of its team leaders and staff alike. A lot of care is taken in choosing the right people for the right job.

4. Quality Assurance

All products that leave the factory premise are inspected by the Quality Control Department. Further, quality check is done at every stage of manufacturing to ensure the adherence to desired specifications. Since, our Company is dedicated towards quality of products, processes and inputs; we get repetitive orders from our buyers, as we are capable of meeting their quality standards, which enables them to maintain their brand image in the market.

OUR BUSINESS STRATEGY

Our strategic objective is to continue to improve on and consolidate our position by adopting latest technologies. We intend to achieve this by implementing the following aims:

1. Maintain and Expand Long-term Relationships with Clients

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time rather than a project-based execution approach.

Our Company believes that a long-term client relationship with large clients fetches better dividends. Long-term relations are built on trust and continuous maintaining of the requirements of the customers. It helps understanding the basic requirement of our Company and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. Our existing clientele is an example of our long-term client relationships.

2. Investing In Advanced Technology

The technology used in textile industry is continuously changing. New technologies are constantly being developed for the various processes of manufacturing. We have invested in latest technology, Plant & Machinery and intend to continue upgrading our technology in the future to keep ourselves competitive and efficient. We also propose to invest ₹ 2848.02 Lacs into plant and machinery in the textile expansion being undertaken by our Company.

3. Leveraging of our Marketing Skills and Relationships

This is a continuous process in our organization and the skills that we impart in our people gives importance to clients. We aim to do this by leveraging our marketing skills & relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing buyers.

OUR PRODUCTS

Currently our major products include the following:

Product	Description
Acrylic yarn	Count from 2/24 Ne
Polyester Spun Yarn	Count from 1/15 -1/40 Ne
Cotton yarn	Count from 1/16 -1/34 Ne

The yarns produced by our Company are used for made ups in apparels, hosiery & garment industry.

Further, by proposed expansion, our Company intends to enhance the capacity of the above products. We also intend to forward integrate with our newly setup steel billet unit by setting up a new steel rolling mill.

PLANT & MACHINERY

Our existing Plant and Equipment resources consist of the following:

List of Engineering Utilities

Sr. No.	Description
1	Air Compressor
2	Air Dryer
3	D.G Set 500 KVA, 1250 KVA,
4	VCB 100, 200 AMP
5	Transformer 1600 KVA

List of Main Machinery

Sr. No.	Description
1	Blender
2	MBO
3	Vario Clean
4	Unimix
5	Flexiclean
6	C.C.S
7	CARD
8	Draw Frame
9	Lap Former
10	Comber
11	Speed Frame
12	Ring Frame

13	Cone Winding
14	Auto coner
15	Cheese Winding
16	Ring Doubling
17	T.F.O.
18	Reeling
19	Bundle Tress
20	Baling Press
21	Conditioning M/C
22	Splicer
23	Packing M/C
24	Strapping M/C

R&D and Lab Equipments

Sr. No.	Description	Purpose
1.	P.T 7000	Evenness tester with hairiness tester attachment (SILVER/ROVING /YARN)
2.	Premier Art	Inspection of raw cotton fibre Length, strength and fineness
3.	Classidata	Long term yarn faults Classification of yarn
4.	Tensomax	Single yarn strength and elongation tester

For our Steel Division, the major plant and machineries include the following:

Sr. No.	Description
1	Induction Furnace
2	Ladle Refinery Furnace
3	Concast
4	Cranes, 50T, 20T and 15T
5	Spectrometer
6	Bundle bailing Press
7	Magnets
8	Cooling Tower
9	Water Pump
10	Transformers 66 KVA, 25 MW, 8 MW, 4 MW
11	VCB
12	Compressor
13	Welding Set
14	Dryer
15	Electronic Meter

TECHNOLOGY

Spinning Unit

Presently our Company is using proven technology for spinning of Polyester, Polyester Blended and Cotton Yarn. Our Company is using all machines from Blow Room till Ring Frame supplied by Lakshmi Machine Works, Coimbatore, (LMW). LMW is one of the reputed machine manufacturers for spinning machines. Automatic winding machine for Savio and TFO from Prerna, India are used.

For the existing steel division we have the latest equipments as enumerated above.

COLLABORATIONS

We have not entered into any technical or other collaboration.

MANUFACTURING PROCESS

For our existing Products is as follows:

MIXING

According to the end use of final product/yarn, pre-decided types of fibres are mixed in this process. The percentage of Blending/Mixing of different fibres which have different nature & dimensions depend upon the final product's/yarn end use.

To achieve uniform blending of different fibres, this process requires very skilled care. This is a time consuming process and requires too much man power.

BLOW ROOM

After the mixing process the material is stored in bins for proper conditioning and then passed through Blow Room machines where proper opening of fibres is done and also foreign matters, dust etc. are removed.

In Blow Room machine this opening & cleaning of Fibres/Material is done by revolving feature. The main function of the Blow Room is to open and clean the material and to make a uniform sheet of fibres.

CARDING

In this process the material after being treated in Blow Room Machine is fed to Carding machine which completely opens the fibres and also parallelisation of fibre to fibre is achieved by the carding machine which is very essential regarding quality of yarn. In this process finally a continuous rope like structure of parallel & cleansed fibres are formed which are known as slivers. These Slivers have uniform weight as per length throughout its length.

LAP FORMER

At this stage of process, the material after Draw Frame machine is fed to lap Former which is also known as combing preparation machine. In Lap former the material is fed in sliver form and is delivered in Lapform which can be run on comber.

COMBER

Cotton fibres has lot of variation in length. At comber, the material is passed through combs having fine needles. This results into extraction of short fibres. Removal of short fibres(Noil) from material improves the quality of material. The Comber has heads and combed material from all heads are brought closer and drafted uniform material in sliver form.

DRAW FRAME

After carding the slivers stored in cans are fed to Draw Frame Machine. The main function of this process is to level the material i.e. it makes more uniform sliver (wt. per length) and it also parallises fibres present in fibres strend known as sliver, as better fibre parallisation results in best yarn quality.

SPEED FRAME

In this process the material after Draw Frame Machine is fed to the simplex machine also known as Roving Frame. By this machine material is drawn with the help of rolls and slightly twisted to provide strength on fibreous strend. This slight twisted fibres strend is known as Roving and finally a suitable package of roving is formed for creeling to next process.

RING FRAME

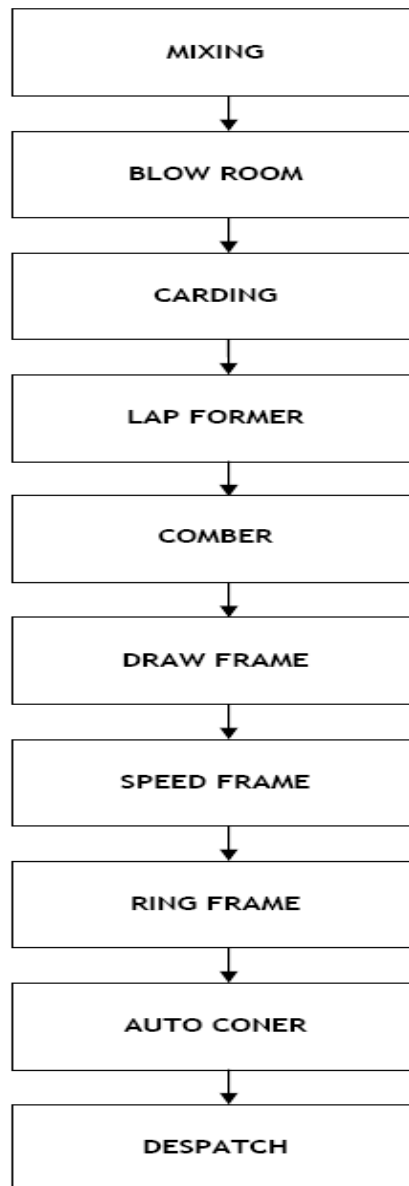
In this section the material from Speed Frame Section which is in roving form is fed to Ring Frame Machine. By this Machine the material is again drawn with the help of rolls to achieve required thickness of yarn. After drawing, material is twisted to provide strength in the spun yarn.

AUTO CONER

In this process a suitable package is made to either sell yarn in market or for further processing as multiple ply yarn.

Some faults can also be removed by using mechanical/electronic clearing device.

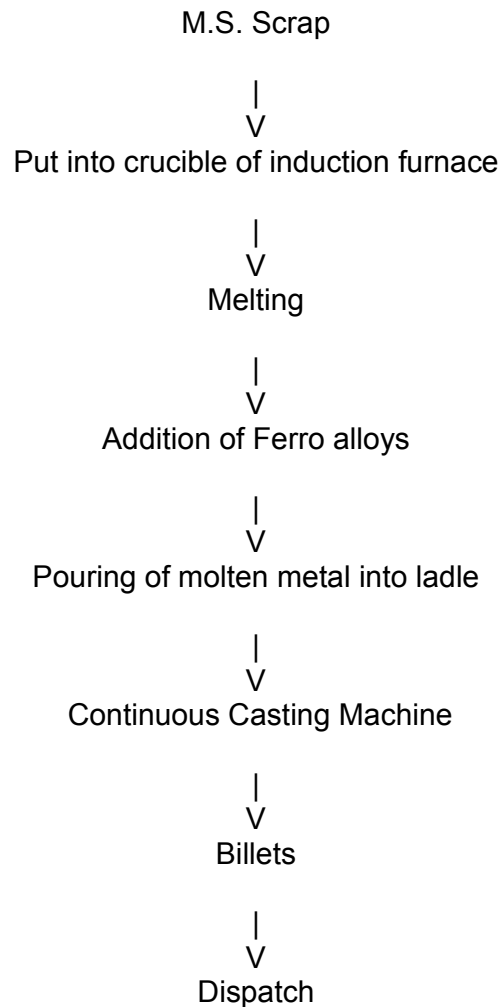
PROCESS FLOW CHART FOR THE MANUFACTURING OF YARN



Manufacturing Process for Manufacturing of Billets

At the first stage required scrap is sorted out from scrap yard. Then scrap is charged into the crucible of induction furnace and Heat (Power) is switched on. Scrap gets melted in the crucible of Induction furnace which is lined with Acidic Ramming Mass and Boric Acid. In about one and half hour the scrap comes up to the top level of crucible and takes liquid metal shape. Waste slag comes on the top which is removed and swept from the liquid steel. Then Ferro alloys are added as per the composition required in the steel ingots. Few Aluminium Bars/shots are also added, if required. When molten material gets required temperature then heat is poured into Continuous Castings machine for the formation of billets.

PROCESS CHART FOR THE MANUFACTURING OF BILLETS



INFRASTRUCTURE FACILITIES

Raw Materials

The major raw materials required for our production process are:

- Acrylic Fibre
- Polyester Staple Fibre
- Raw Cotton

All the above mentioned raw materials are procured either from domestic market or are imported from various suppliers, depending on the prices quoted in the domestic market and the import market

Raw Material	Major Suppliers
Synthetic Fibre	Reliance Industries Ltd, Bombay Dyeing Ltd
Raw Cotton	Local Mandis of State

For the expansion of the textile spinning unit, the raw material to be used shall be procured either locally or imported as is the current practice and we do not envisage any difficulty in procuring the raw material.

For the Steel Unit, the Raw Materials requirement is Iron/ Steel Scrap and it can be procured either locally or imported as is the current practice and we do not envisage any difficulty in procuring the raw material

Utilities

Our Company mainly requires the following utilities:

Power

Our Company has adequate power load connection of 10 MVA and 2500 KVA from Punjab State Electricity Board (PSEB) to carry out our present manufacturing activities for the spinning and textile division respectively. The power requirement for our proposed expansion will be met by taking additional power load connection from PSEB. We shall apply to them in due course of time.

Fuel

Our Company does not require fuel in the manufacturing process except for running the D.G. Sets. The requirement of fuel for D.G. Sets is met from local suppliers.

Water

The total requirement of Water for our existing unit is met from the existing tubewell.

The total requirement of Water for our proposed projects shall also be met through the existing infrastructure.

Manpower

Currently, our Company has a total of 226 employees. The detailed break-up of our employees is as under:

Spinning Unit

Particulars	Management	Officers/ Clerks	Workers	Total
Existing	8	20	128	156
Proposed	2	5	50	57
Total	10	25	178	213

Steel Unit

Particulars	Management	Officers/ Clerks	Workers	Total
Existing	5	10	55	70
Proposed	1	3	40	44
Total	6	13	95	114

Our Proposed Manpower Requirement for our expansion plan will be met through advertisements and personal contacts.

Past Production Figures for the Industry

The textile and steel industry is highly fragmented and is dominated by large number of unorganised players. There is no published data available of the industry in regard to past production figures, existing installed capacities, past trends and future prospects regarding exports etc.

Competition

Our Company is manufacturer of Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, combed and carded yarns. Textile being a global industry, we face competition from various domestic and international manufacturers of synthetic and cotton yarn. However, due to economies of scale, we have edge over other small & medium size manufacturers in the country. Globally, we face stiff competition from large size manufacturers in Indonesia, Korea, Pakistan, Bangladesh, etc.

SAIL, Tata Steel and RINL put together account for approximately 13 percent of the total production (for sale) of semi-finished products (billets/pencil ingots, slabs and blooms). The rest is accounted for by those in the secondary sector. The market share of the main steel producers is not large enough for total business control. However, considering the fact that the secondary producers are about 750 in number and the main producers are only three, one can appreciate the individual position of each producer in the market. There are, however, divergent views on whether with such market shares, the main producers can command over prices. Who follows who in the market is difficult to establish. Further, significant quantities of billets of the main producers going to contract sales, spot prices are more likely to be determined by localised conditions and primarily by the players in the secondary sector.

Approach to Marketing and Marketing Set-up.

Our Company operates in the field of acrylic polyester and cotton and cotton blended yarn. The yarn industry typically sells its products through dealer network and agents. Our company has also got wide network of dealers and agents throughout major markets in India like Ludhiana, Delhi, Ahmedabad, Mumbai, Bhilwara, Amritsar etc.

Our company sells its products through reputed agents with strong network in India. Our Company's Marketing Department works in tandem with its dealers in pro-active manners and constantly interacts with its dealers so as to get the feedback on the quality of its yarn and improve the same as well.

Our Company's existing customer base and their increasing requirement of various products will result in optimum utilization of its existing and new capacities. We started our focus on exports in the year 2010-11 and now export to countries like Bangladesh, Singapore, Korea, Columbia, Brazil, China, Taiwan etc.

Future Prospects

The future plans of our Company are in line with the way the whole textile industry is thinking and planning ahead after removal of safeguard quota. Our Company is increasing its capacities in spinning along with forward integration in the steel business by way of expanding in value chain i.e. Rolling mill.

Existing Capacity & Capacity Utilization

Past Capacity and Capacity Utilization at Spinning Unit

Particulars	31.03.2009	31.03.2010	31.03.2011*
Licensed Capacity (Spindles no.)	79,744	79,744	79,744
Installed Capacity (Spindles no.)	30,000	30,000	30,000
Estimated Production at 100% capacity utilization (in MT)	6,260	6,480	*
Total Production (in MT)	5,320	5896	*
Capacity Utilisation (%)	85%	91%	*

* will be updated

Projected Capacity Utilization for next 3 years

Spinning Unit after expansion

Particulars	FY 2011-12^	FY 2012-13	FY 2013-14
Licensed Capacity (Spindles no.)	79,744	79,744	79,744
Installed Capacity (Spindles no.)	43,200	43,200	43,200
Estimated Production at 100% capacity utilization (in kgs)	6,500	10,000	10,050
Total Estimated Production	6,000	8,678	8,835
Capacity Utilisation (%)	92%	87%	88%

^ Production is estimated at the earlier capacity since the project of implementing 13,200 spindles shall be completed in the last quarter of FY 11-12

Projected Capacity Utilization for next 3 years

Steel Division (steel billet)

Particulars	FY 2011-12	FY 2012-13	FY 2013-14
Licensed Capacity MT	1,00,000	1,00,000	1,00,000
Installed Capacity (MT)	49,000	49,000	49,000
Estimated Production at 100% capacity utilization (in MT)	49,000	49,000	49,000
Total Estimated Production	39,200	41,650	44,100
Capacity Utilisation (%)	80%	85%	90%

Steel Division (Rolling Mill)

Particulars	FY 2011-12	FY 2012-13	FY 2013-14
Licensed Capacity MT	1,00,000	1,00,000	1,00,000
Installed Capacity (MT)	49,000	49,000	49,000
Estimated Production at 100% capacity utilization (in MT)	49,000	49,000	49,000
Total Estimated Production	39,200	41,650	44,100
Capacity Utilisation (%)	80%	85%	90%

Export Possibilities & Export Obligations, if any

Our Company is currently exporting to countries like Bangladesh, Singapore, Korea, Columbia, Brazil, China, Taiwan etc. We look forward to expand our exports to other countries as well after the completion of our expansions. Furthermore, we are looking at aggressively expanding our export market base and escalating our global reach, manifolds.

Currently, we have an outstanding export obligation of US\$ 125407 which needs to be fulfilled. This amount pertains to various EPCG Licences. The detail of the licences and outstanding export obligations is as follows:

Sr. No.	Licence No.	Issue Date	Duty Saved (₹ in Lacs)	Export Obligation (in US\$)	Export Obligation completed (in US \$)	Balance Export obligation to be completed (in US \$)	Period upto which Export Obligation need to be completed
1	3030003542	27.12.2007	2.58	67572	-	67572	26.12.2015
2	3030004057	26.05.2008	2.44	48254	--	48254	25.05.2016
3	3030004350	30.07.2008	0.51	9581	--	9581	29.07.2016
Total			5.54	125407		125407	

Further, our Company proposes to import certain plant & machinery, required for the current Project, under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty.

As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India.

INSURANCE

We maintain insurance for standard fire and special perils policy, which provides insurance cover against loss or damage by fire, explosion, burglary, theft and robbery, which we believe is in accordance with customary industry practices. We have also availed out various insurance policies to cover our vehicles at our all the offices and plants.

Intellectual Property

Our Company does not have any trademarks/patents registered as on the date of this Draft Red Herring Prospectus.

Property

Details of immovable property occupied by our Company

Leasehold Property:

Sr. No	Description of Property	Name of Lessor	Agreement Date, Lease period	Amount	Total Area	Purpose
1.	V.P.O. Buddhewal, Near Kohara, District Ludhiana	Sh. Krishan Chand Gupta, Sh. Pardeep Gupta, Sh. Sandeep Gupta and Sh. Deepak Gupta and Smt. Simla Rani	20 Years w.e.f March 07, 2000	₹ 2,10,000/- P.A.	58 Kannal and 3 Marlas	Industrial Purpose

Owned by our Company

Sr. No.	Description of Property, Usage and details of charges	Vendor	Area	Consideration as per agreement
1.	V.P.O. Buddhewal Near Kohara, District Ludhiana Industrial use Charges: 1 st charge of Punjab & Sind Bank and equitable 2 nd charge of Punjab National Bank	S. Dharmjeet Singh, Inderraj Kaur, Sarabjeet Singh, Sukhdayal Singh, Guriqbal singh, Gurnam Kaur, Baljeet Kaur, Gurmeet Kaur(Sellers)	80 Kannal and 3 Marlas	84.58 Lacs

KEY INDUSTRY REGULATIONS AND POLICIES

We are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in the textile industry. The regulations set out below are not exhaustive and are only intended to provide general information to Bidders.

Taxation statutes such as the I.T. Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees' Provident Fund and Miscellaneous Act, 1952 and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company.

For details of government approvals obtained by us in compliance with these regulations, please refer to the Chapter titled "Government and Other Statutory Approvals" beginning on page 188 of the Draft Red Herring Prospectus. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Textile Sector

1. National Textile Policy

Subsequent to the announcement of Textile Policy, the woven segment of readymade garment sector and the knitting sector have been de-reserved from the list of items reserved for exclusive manufacture in the small scale sector. The Textile Policy also targets the development of a strong multi-fibre base to facilitate product upgradation and diversification. The Textile Policy provides for government financing and venture capital funding for setting up textile plants. Particular emphasis is laid on exports with the proposal of multi-disciplinary institutional mechanisms to formulate policy and action plans, including the restructuring of Export Promotion Councils and operating a brand equity fund exclusively for textile and apparel products. The Textile Policy also contains sector specific agendas. For the cotton sector, it designates the Technology Mission of Cotton as the nodal body to bring about increase in productivity and stability in prices. For the spinning and weaving sectors, decentralised modernisation is the thrust of the government policy and for the garments sector, the government proposes a number of measures in light of the WTO rules and regulations, including strategic alliances with leading global manufacturers and the establishment of textile/apparel parks. The Ministry of Textiles announced the formulation of the National Textile Policy, 2000 ("Textile Policy") in November 2000 with the objective of enabling the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The Textile Policy envisages a multi-pronged strategy to achieve these long term goals. The strategy aims at modernising the equipment and technology that is used in the sector and simultaneously strengthening the traditional knowledge, skills and capabilities in this sector.

2. Cotton Control Order 1986

The Cotton (Control) Order, 1986 ("Cotton Order") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator thereunder. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

Iron and Steel Sector

The National Steel Policy, 2005

The National Steel Policy (NSP) was announced in November 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The long-term objective of the National Steel Policy is to ensure that India has a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to attain levels of global

competitiveness in terms of global benchmarks of efficiency and productivity. The National Steel Policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The Policy focuses on the domestic sector, but also envisages a steel industry growing faster than domestic consumption, which will enable export opportunities to be realised.

Trade related incentives

1. Export Promotion Capital Goods Scheme

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy, which came into effect on September 01, 2004. The Foreign Trade Policy also permits EPCG licence holders to opt for technological upgradation for their existing capital goods imported under the EPCG licence, subject to certain prescribed conditions.

2. Advance licensing scheme

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

3. Duty entitlement pass book ("DEPB") scheme

DEPB credit rates have been prescribed for 83 textiles and clothing products. The scheme aims to neutralise the incidence of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO-compatible.

4. Duty drawback scheme

Exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this scheme. The Ministry of Finance, GoI announced the revised "All Industry Rates of Duty Drawback", which came into effect on May 05, 2005. The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of input, standard input/output norms published by the Directorate General of Foreign Trade, share of imports in the total consumption of inputs and the applied rates of duty.

Regulations for Foreign Investment

1. FEMA Regulations

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the 'automatic route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies engaged in the textile sector fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

2. Ministry of Industry, Department of Industrial Policy and Promotion, Press Note No. 17 (1998 series)

With a view to encouraging investments towards setting up of integrated units and thus achieving value additions, as well as to address the current difficulties of the cotton yarn export oriented units, the Government of India issued Press Note No. 17 (1998 Series), which allows export oriented units the operational flexibility of exporting cotton yarn without being subject to domestic cotton sourcing restrictions to the extent provided for within the press note.

Certain other laws and regulations that are relevant to the operation of our Company's business include the following:

1. Factories Act, 1948;
2. Shops and Commercial Establishment Act
3. Payment of Wages Act, 1936;
4. Payment of Bonus Act, 1965;
5. Employees' State Insurance Act, 1948;
6. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
7. Payment of Gratuity Act, 1972;
8. Minimum Wages Act 1948;
9. Workmen Compensation Act, 1923;
10. Provident Funds and Miscellaneous Provisions Act 1952;
11. Contract Labour (Regulation and Abolition) Act, 1970;
12. Water (Prevention and Control of Pollution) Act, 1974;
13. Air (Prevention and Control of Pollution) Act, 1981;
14. Environment (Protection) Act, 1986
15. Hazardous Wastes (Management and Handling) Rules 1989, etc.

HISTORY AND CERTAIN CORPORATE MATTERS

History

Our Company was incorporated as M.S. Finvest Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 24, 1994 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 14976. The name of our Company was changed to Amit Udyog Limited *vide* a fresh Certificate of Incorporation dated April 19, 1999. Further the name of our Company was changed to its present name "Mukesh Udyog Limited" *vide* a fresh certificate of incorporation dated December 14, 2001. The Corporate Identification Number of our Company is L65921PB1994PLC14976.

Our Company is promoted by Mr. Krishan Chand Gupta, Mr. Pardeep Gupta and Mr. Sandeep Gupta. The Company came out with an Initial Public Issue of 24,37,500 Equity Shares of ₹ 10 each at par in May 1995 and raised ₹ 243.75 lacs. The object of the issue was to carry on financial consultancy and other investment activities. The shares of our Company were listed on the Delhi and Ludhiana Stock Exchange pursuant to the public issue. The Company was Issued Certificate of Registration on March, 5, 1998 by Reserve Bank of India to carry on the business of Non-Banking Financial Company (loan and investment activities). The financial consultancy and investment activities provided very low return due to volatile market conditions, hence later on in March 1999 the Company changed its object to carry on manufacturing activities as main object and accordingly it changed the name to Amit Udyog Limited. During January 2008 we applied for cancellation of its NBFC Registration to RBI and got the approval for the same from RBI *vide* their letter dated May 26, 2008.

The name of Amit Udyog Ltd was further changed to its existing name Mukesh Udyog Limited in December 2001 to reflect the fact that it belongs to Mukesh groups of companies of Ludhiana. We have 302 shareholders as on date.

The main business of the company is to manufacture and export all kinds of yarns including Acrylic. Polyester, Nylon, Viscose and their blends. The Company has an installed capacity of 30,000 spindles as on the date of filing of this Draft Red Herring Prospectus.

Name of company	<i>Mukesh Udyog Limited</i>
Date of incorporation	<i>August 24, 1994</i>
Register office	<i>Village Buddhewal, Near Kohara. Teh. and District Ludhiana</i>
Tel. No.	<i>0161-2843731 (Tel)</i>
Tele Fax No.	<i>0161-2843739 (Fax)</i>
Website	<i>www.mukeshudyog.com</i>
Email id	<i>fpo@mukeshudyog.com</i>

Changes in Registered Office of our Company:

Date of Change	Original place	Shifted to
January 06, 2003	Gill Road, Miller Ganj, Ludhiana-141003	Village Buddhewal, Near Kohara, Teh. and Distt., Ludhiana - 141 010

The change in the registered office of the company was due to requirement of larger premises, smooth operational convenience and better amenities as the factory and office locations shall be at the same location.

Major events and Milestones:

Year	Events
1994	Company incorporated in the name of M.S. Finvest Limited <i>vide</i> Certificate of Incorporation No. 14976 dated August 24, 1994 with Registrar of Companies, Punjab, H.P and Chandigarh.

1995	Initial Public issue of 2437500 shares of ₹ 10 each at par. The shares of the company got listed on Ludhiana and Delhi stock exchange.
1998	RBI granted NBFC registration certificate to carry on loan and investment activities
1999	Diversified in to the manufacturing activities by conceiving a project to set up spinning unit
2002	The company set up spinning unit with initial capacity of 6912 spindles
2007	Mega project status approved by Punjab Government
2008	Surrendered NBFC registration to RBI.
2009	Main Object of the MOA was changed from Finance Activities to Textile and Steel Activities.
2010	Issue of Bonus shares in the ratio of 1:1
2010	Company started Steel division.

Main Objects of our Company:

The main objects of the company as contained in our Memorandum of Association are as under:

1. To manufacture, process, roll, draw, refine, melt, forge, buy, sell, exchange, alter, improve, import, export, trade, distribute or otherwise deal in all kinds of steel, steel products and other metals including billets, rods, rounds, wires, circles, angles, ingots, cold rolled strips, hot rolled strips, flats, pipes, cold formed sections, precision tubes, tin plates and cycle parts.
2. To manufacture, process, roll, draw, refine, melt, buy, sell, exchange, alter, improve, import, export, trade, distribute or otherwise deal in Ferro Manganese, Ferro Tungsten and other ferrous and non-ferrous substances and high density ceramic and powder of ferrous and non-ferrous metals and gases including hydrogen gas, nitrogen gas, oxygen gas, carbon-dioxide gas, capable of being used in the aforesaid business of the Company.
3. To carry on in India or abroad, the business of manufacturing, processing, spinning, knitting, refining, carding, combing, gilling, regilling, mixing, doubling, twisting, cheese winding, rewinding, raising, weaving, dyeing, bleaching, importing, exporting, trading and otherwise dealing in wholesale or in retail in all kinds & types of yarns, fibres, fabrics and textiles.
4. To carry on in India or abroad the business as manufacturers, importers, exporters, processors, traders and dealers in all kinds of cloth, knitted cloth, woollen fabrics, synthetic fabrics, cotton fabrics, synthetic tops, worsted, shoddy and all kinds of blankets, shawls, hosiery and readymade garments etc.

Amendments to our Memorandum

The amendments in our Memorandum of Association are as follows:

Sr. No.	Changes in Memorandum of Association of the Company	Date of General Meeting/ Postal Ballot
1.	Alteration of Other Object Clause of the MOA by inserting the clauses as of the Other Object clause:	March 12, 1999
2	Change in the Object clause of the company	March 12, 1999
3	Change in the name of the Company from M.S. Finvest Limited to Amit Udyog Limited	March 12, 1999
4	Change in Clause V of the MOA on increase of the	August 24, 1994

	Authorised Capital of the Company from Rs 7000to Rs 330 lacs	
5	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 330 to ₹ 350 lacs	October 28, 1994
6	Change in the name of the Company from Amit Udyog Limited TO Mukesh Udyog Limited	December 14, 2001
7	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 350 to ₹ 550 lacs	March 03, 2003
8	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 550 to ₹750 lacs	January 31, 2004
9	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 750 to ₹ 850 lacs	November 27, 2004
10	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 850 to ₹1480 lacs	May 07, 2007
11	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 1480 to ₹1550 lacs	April 19, 2008
12	Change in Clause V of the MOA on increase of the Authorised Capital of the Company from ₹ 1550 to ₹ 2000 lacs	September 30, 2010

Subsidiaries of the Company:

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

Shareholders' Agreement

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

Other Agreements

There are no other material agreements involving our Company.

Financial Partners

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

OUR MANAGEMENT

As per the Articles of Association, our Company cannot have less than three directors and more than twelve directors. Our Company functions under the control of a Board, comprising of 6 directors who sets policy guidelines and the Managing Director along with other key personnel are responsible for day to day management of our Company.

Name, Age, Address and Designation , Status & DIN	Date of Appointment	Qualification	Other Directorships
Mr. Krishan Chand Gupta Age : 70 years Designation: Chairman 508-B Aggar Nagar, Ludhiana 141001 Punjab, India Occupation: Business DIN-00057030 Nationality : Indian	August 24 ,1994 Liable to retire by rotation	B.A. Experience : 48 years in Iron, Steel and Textile Industry	<ul style="list-style-type: none"> • Mukesh Strips Ltd • Mukesh Steels Ltd • Punjab Ispat Pvt Ltd • Asharfi Investment Pvt Ltd • D.B.A Switchgear Pvt Ltd • Kay Cee Ispat Udyog Pvt Ltd • Mukesh Alloys Pvt Ltd • Odeon Enterprise Pvt Ltd • Plezer Investment Pvt Ltd
Mr. Pardeep Gupta Age : 44 years Designation: Managing Director 508-B, Aggar Nagar, Ludhiana,141001, Punjab, India Occupation: Business DIN-00159858 Nationality : Indian	24 th August, 1994 Term: From 1.10.2009 till 30.09.2014	B.Com, P.G.D.B.M Experience : More than 20 years in Iron, Steel and Textile Industry	<ul style="list-style-type: none"> • Smrati Builders & developers Ltd • Odeon Enterprise Pvt Ltd • Mukesh Industrial Pvt Ltd • Matry Mangal Builders Pvt Ltd • Asharfi Investment Pvt Ltd • Kay Cee Ispat Udyog Pvt Ltd • Mukesh Strips Ltd
Mrs. Sandeep Gupta Age : 42 years Designation: Non Executive Director 521-B Aggar Nagar, Ludhiana 141001,Punjab, India Occupation: Business DIN-00159814 Nationality : Indian	24 th August, 1994 Liable to retire by rotation	B.E(Electronics) Experience : More than 20 years of experience in Iron, Steel and Textile Industry	<ul style="list-style-type: none"> • Mukesh Strips Ltd • Akriti cine Medea Pvt Ltd • Odeon Enterprise Pvt Ltd • Goodluck Travelers Pvt Ltd • Matry Mangal Builders Pvt Ltd • Mukesh Industrial Pvt Ltd • Smriti Builders & Developers Ltd
Mr. Sanjiv Mohan Age : 50 years Designation:Independent Director H.No. 22 - B, Sargodha colony, Pakhowal Road,, Ludhiana, 141001, Punjab Occupation: Professionanl DIN-01052823 Nationality : Indian	January 30, 1999	B.Com, FCA Experience : 25 years in Audit & Taxation	<ul style="list-style-type: none"> • Morrison Vasudeva Private Limited
Mr. Ashok Gupta Age : 52 years Designation:Independent	January 30, 1999	B.A. Experience : 25 years in Trading	Nil

Director 68-A, Tagor Nagar, Ludhiana 141001, Punjab, Occupation: Business DIN-01414304 Nationality : Indian		business	
Ms. Reecha Gupta Age : 28 years Designation:Independent Director Opp. Sachdeva Auto, Lakkar Mandi, Phillaur- 141001 Punjab, India Occupation: Business DIN : 00008019 Nationality : Indian	July 26, 2010	M.com, CS Experience : 4 Yrs in Corporate Advisory	NIL

Note: None of the above mentioned Directors is on the RBI list of willful defaulters as on the date of filing 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 have been or involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI.

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

Nature of Family Relationship between any of Directors:

There is family relationship between 3 out of 6 of the Directors as mentioned below:

Name	Designation	Relationship
Mr. Krishan Chand Gupta	Chairman	Father of Mr. Pardeep Gupta & Mr. Sandeep Gupta
Mr. Pardeep Gupta	Managing Director	Son of Mr. Krishan Chand Gupta and brother of Mr. Sandeep Gupta
Mr. Sandeep Gupta	Director	Son of Mr. Krishan Chand Gupta and brother of Mr. Pardeep Gupta

BRIEF BIOGRAPHIES OF THE DIRECTORS

For the brief profile of our Promoter – Directors, Mr. Krishan Chand Gupta, Mr. Sandeep Gupta and Mr. Pardeep Gupta, please refer to the chapter titled “*Our Promoters and their Background*” beginning on page 119 of the Draft Red Herring Prospectus.

Mr. Sanjiv Mohan, Independent Director

Mr. Sanjiv Mohan 50 years is a member of the Institute of Chartered Accountants of India and is a partner of S.C. Vasudeva & Co. Chartered Accountants. Mr. Sanjiv has more than 25 years of experience in audit and taxation, and is also a director of Morison Vasudeva Consulting Private Limited.

Mr. Ashok Gupta, Independent Director

Mr. Ashok Kumar Gupta 52 years is an Arts graduate and having experience of over 25 years in

trading of Industrial goods like pipes, Teflon sheets, yarns etc.

Ms. Reecha Gupta, Independent Director

Ms. Reecha Gupta 28 years is a Master of commerce and member of Institute of Company Secretaries of India. She is a practicing Company secretary running corporate advisory services in the firm name M/s Reecha Goel & Associates. She has an overall experience of 4 years in the corporate advisory.

Borrowing Powers of our Board:

Vide a resolution passed by the Members in the Annual General Meeting of the Company held on September 30, 2010, consent was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies act, 1956 for borrowing any sum or sums of money from one or more banks, financial institution, Central or State Government, body corporate, firms or any other person(s), whether by way of term loan, working capital facility, cash credit facility, inter corporate loans, bill discounting, issue of debenture or bonds or any other fund based or non-fund based, facility, in Indian Rupee, or in Foreign Currency, whether secured or unsecured, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up share capital and free reserve (the reserves not set apart for any specific purpose) of the Company but so however that the total amount up to which the money may be borrowed by the Board of Directors and outstanding at anytime shall not exceed the sum of ₹ 200 Crores (Rupees Two Hundred Crores only) or equivalent amount in Foreign Currency, exclusive of interest and other charges.

Remuneration of Directors:

i. Mr. Pardeep Gupta, Managing Director

Mr. Pardeep Gupta was appointed as a Managing Director with effect from October 1, 2009 for the tenure till September 30, 2014. Mr. Pardeep Gupta has not entered into any separate service agreement with the company.

The terms and conditions of the appointment and payment of remuneration to Mr. Pardeep Gupta as a Whole Time Director of the Company are as below:

Designation:	Managing Director
Tenure:	from October 1, 2009 till November 31, 2014
Remuneration:	Monthly remuneration of ₹ 1,25,000 (Rupees One Lacs and twenty five thousand only) whether paid as Salary, allowance(s), perquisites or a combination thereof.

However the following perquisites are not included in the aforesaid remuneration:

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- Encashment of leave at the end of tenure.

Further any payment/ re-imbursement of telephone and/ or mobile phone(s) bills, conveyance, fuel expenses or other out of pocket expenses incurred in course of the official duties will not be included in the aforesaid remuneration.

In the event of loss, absence or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration.

The details of the compensation paid to the directors of the company for the year ended

March 31, 2010 is as under:

Name of the Director	Salary	Sitting Fees	Commission	Total
Mr. Pardeep Gupta (From 1 st April to 30 th October, 2010 ₹ 50,000/- Pm. And from 1 st October, 2010 to 31 st March 2011)	10.50 Lacs	Nil	Nil	10,50,000

Shareholding of the Directors:

The Articles of our Company do not require the Directors to hold any qualification shares. The Directors, shareholding as on the date of this Draft Red Herring Prospectus is 4,90,600 Equity Shares, as detailed below:

Name of the Director	No. of Equity Shares
Krishan Chand Gupta	1,32,200
Pardeep Gupta	1,51,200
Sandeep Gupta	2,07,200
Ashok Gupta	--
Sanjiv Mohan	--
Reecha Gupta	--
Total	490600

Interest of Directors

- All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee. The Managing Director and whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officer of the Company. All our directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the DRHP and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees. Further, our directors who are members or directors on the boards of certain Group Companies may be deemed to be interested to the extent of the payments made by the Company, if any, to these Group Companies. For the payments that are made by the Company to certain Group Companies, please refer to the section entitled "Related Party Transactions" on page 149 of this DRHP.
- Our Company has not acquired any property after amalgamation and as such Our Directors have no interest in any property acquired by our Company two years prior to the date of this DRHP.

Changes in our Board of Directors in the last three years

Sr. No.	Name	Date of Appointment	Date of Change	Reason
1	Mr. R.P. Engira	22/02/2008	--	Appointed as Independent Director
			26/07/2010	Ceased to be a Director
2	Mrs. Reecha Gupta	26/07/2010	-	Appointed as Additional Director
			30/09/2010	Change in designation from Additional Director to Independent Director

Policy on Disclosure and Internal Procedure for prevention of Insider Trading

The Provisions of Regulations 12(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 are applicable to the Company. We have complied with the requirement of SEBI (Prohibition of Insider Trading) Regulations, 1992. Further, Board of Directors have approved and adopted the policy on insider trading.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

Since the paid-up capital of our company was less than 3 Crores up to March 31, 2009, Clause 49 of the Listing Agreement was not applicable to our company. However, it has become applicable after March 31, 2009. The Board of Directors of our Company thereafter constituted Corporate Governance Committee as envisaged in Clause 49 of the Listing Agreement. There are 6 directors on our Board out of which 3 i.e. 50% comprises of non-executive and independent Directors.

Name of the Director	Status
Mr. Krishan Chand Gupta	Non-Executive & Promoter Director (Chairman)
Mr. Pardeep Gupta	Executive & Promoter Director(Managing Director)
Mr. Sandeep Gupta	Non-Executive & Promoter Director
Mr. Sanjiv Mohan	Non Executive & Independent Director
Mr. Ashok Gupta	Non Executive & Independent Director
Ms. Reecha Gupta	Non Executive & Independent Director

There is no service contract between our Company and its Directors.

A. Audit Committee

Audit Committee is reconstituted by Board of Directors consisting of 3 directors as mentioned hereunder:

i. Composition

The Audit committee has been reconstituted by the Board of Directors on 21st January, 2006

The Audit Committee comprises 3 Directors with the Chairman, being an independent director, with expertise in financial and accounting areas.

1. Mr. Sanjiv Mohan - Chairman (Independent Director)
2. Mr. Sandeep Gupta - Member (Non Executive Promoter Director)
3. Mr. Ashok Kumar Gupta – Member (Independent Director)

Our Company Secretary Ms. Navneet Saharan will act as Secretary to this Committee.

ii. Terms of Reference

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchange, read with Section 292A of the Companies Act, 1956. The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

iii. Meetings and attendance during the year

There were four (4) Audit committee meeting held during financial year ended March 31, 2010.

iv. Function of the Committee

The function of audit committee includes those specified under the revised clause 49 of the Listing Agreement as well as under as under section 292A of the Companies Act, 1956 such as.

- a. To hold periodical discussion with the statutory Auditor and internal Auditors of the company concerning the Accounts of the Company, internal control system, scope of audit and observation of the Auditors/Internal Auditors.
- b. To review compliance with internal control systems.
- c. To review the quarterly, half yearly and annual financial result of the company before submission to the Board.
- d. To investigate into any matter in relation to items specified in section 292A of the companies Act, 1956 or as may be referred to it by the board and for this purpose to seek any relevant information contained in the records of the company also seeks external professional advice, if necessary.
- e. To make recommendations to the board on any matter relating to the financial management of the company, including the Audit Report.

B. Investor Grievance Committee

The company has an investor grievance committee to redress the grievance of the investor

i. Composition

The investor grievance committee was reconstituted on January 21, 2006

It consists of following director

- 1) Mr. Ashok Gupta - Chairman (Independent Director)
- 2) Mr. Krishan Chand Gupta – Member (Non Executive Promoter director)
- 3) Mr. Sanjiv Mohan – Member (Independent Director)

Our Company Secretary Ms. Navneet Saharan will act as Secretary to this Committee.

ii. Function of the Committee

- a) To review and redress of shareholders and investors complaints
- b) To take note of complaints received and resolution thereof at periodic intervals
- c) The committee overseas performance of the registrar and transfer agents of the company and recommends measure for overall improvement in quality and investor services.
- d) The committee also monitors implementation and compliance of the company code of conduct.

The company attends to investors grievance/ correspondence expeditiously and usually a reply is sent within 15 days of receipt of letter expect in the cases that are constrained by dispute or legal impediment.

There are no outstanding investor complaints as on the date of this Draft Red Herring Prospectus.

C. Remuneration Committee

In order to have a credible and transparent policy in determining and accounting for the remuneration of the executive directors and shareholders, the company has constituted a remuneration committee. The constitution of remuneration committee is in accordance with the norms of corporate governance.

i. Composition

The remuneration committee was reconstituted on January 21, 2006 and it consists of three independent directors.

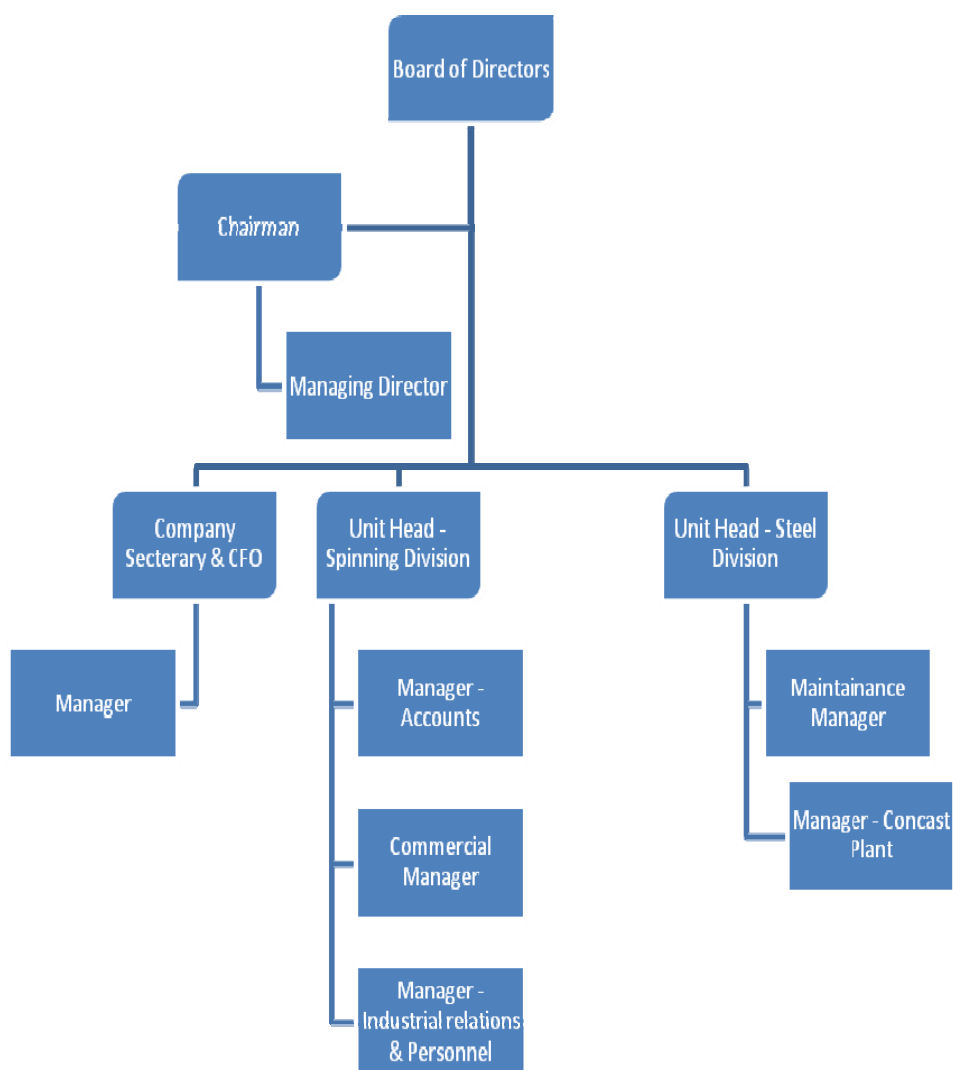
- 1) Ms. Reecha Gupta - Chairman (Independent Director)
- 2) Mr. Ashok Gupta – Member (Independent Director)
- 3) Mr. Sanjiv Mohan – Member (Independent Director)

Our Company Secretary Ms. Navneet Saharan will act as Secretary to this Committee.

ii. Function of the committee

The remuneration committee has been constituted to recommend/ review remuneration of the managing director/ whole time directors, based on their performance and defined assessment criteria.

ORGANISATION CHART



Key Managerial Personnel

(₹ In Lacs)

Name of Employee & Designation	Age Years	Qualification	Date of Joining	Experience Years	Previous Employment	Gross compensation As on 31.03.2010
Mr. R.K. Srivastava Unit Head	42	B. Tech	26/11/2010	20	Nahar Spinning	5.40
Mr. B.M. Sharma Manager – Maintenance	41	Diploma in Mechanical Engg.	01/09/2010	19	Nahar Spinning	4.92
Mr. Rahul Mishra Winding Manager	33	Diploma in Textile Engg.	01/06/2010	10	Nahar Spinning	4.56
Mr. Ritesh Sood Commercial Manager	26	B. Com.	01/10/2009	5	Arihant Consultants, Ludhiana	1.50
Mr. B.K. Pachisia Marketing Manager	60	B.A	20/10/2005	30	Birla Textile Mills	5.40
Mr. D.K. Singh Manager (IR & P)	45	B.Sc	07/03/2010	20	Abohar Co-operative Mills	4.20
Mr. V P Singh Unit Head (Steel Division)	43	Diploma in Mechanical Engg.	12/09/2010	20	Bhavani Steel	4.20
Mr. Ashok Kumar Sharma Concast Manager	54	Undergraduate	16/09/2010	33	Allied Recycling	2.40
Ms. Navneet Saharan Company Secretary & CFO	29	M.com, CS	01/10/2010	1.5	Harsh Goyal & Associates	3.00

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

The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18. None of our key managerial personnel are related to the promoters or directors of our Company within the meaning of Section 6 of the Companies Act, 1956.

Shareholding of Key Managerial Personnel:

None of the above KMPs hold any shares in our Company

Bonus or Profit Sharing Plan for the Key Managerial Personnel: NIL**Changes in the KMP's:**

Name of Person	Date of Joining / Resignation	Reason
Sangeeta Banda	16/09/2009	Ceased to be Company Secretary
Rani Sodhi	27/05/2010	Appointed as Company Secretary
	30/09/2010	Ceased to be Company Secretary
Navneet Saharan	01/10/2010	Appointed as Company Secretary
Dinesh Kumar Soni	21/09/2010	Ceased to be Vice-President Commercial
Awadesh Shukla	21/10/2010	Ceased to be Vice-President Technical
R.B Singh	14/11/2010	Ceased to be Winding manager
R. K. Srivastva	26/11/2010	Appointed as president Technical
B.M. Sharma	01/09/2010	Appointed as manager maintenance
Rahul Mishra	01/06/2010	Appointed as manager Production
D.K. Singh	01/07/2010	Appointed as Manager – Personnel and Industrial relations
V P Singh	12/09/2010	Appointed as Unit Head Steel Division
Ashok Kumar Sharma	16/09/2010	Appointed as Concast Manager

ESOP/ESPS scheme to employees

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or Benefit to Officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this DRHP or is intended to be paid, other than in the ordinary course of their employment.

Turnover of our Key Management Personnel




The average turnover of our Key Management Personnel is very negligible

Arrangement with Key Managerial Person

There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the Key Managerial Personnel, was selected as a director or member of senior management.

OUR PROMOTERS AND THEIR BACKGROUND

Our Company's Promoters are Mr. Krishan Chand Gupta, Mr. Pardeep Gupta, Mr. Sandeep Gupta, Mukesh Steels Limited, Mukesh Strips Limited, Plezer Investments Private Limited and Mukesh Industrial Finance Limited. The brief profiles of our individual Promoters are as follows:

	<p>Mr. Krishan Chand Gupta, 70 years, Chairman cum director is the promoter director of our company. He is a graduate and experienced entrepreneur with experience of over 48 years in the iron, steel and Textile industry. He started his career as trader in iron and steel in 1961 as a partner of Krishan Chand Joginder Paul, a partnership firm. He promoted our company in 1994 and is associated since then as director of our company. He guides the board of directors in managing the Company.</p> <p>PAN: ADXPG4429R</p> <p>Passport: B3164679</p> <p>Voter ID : PB/09/060/664420</p> <p>Bank A/c details: A/c No. 10403742000 with State Bank of India, Miller Ganj, Ludhiana</p>
	<p>Mr. Pardeep Gupta, 44 years, Managing Director is the promoter director of our Company. He is a commerce graduate and experienced entrepreneur with overall industrial experience of over 20 years in the Textile and Iron and Steel industry. He started his career by joining his father's business at an age of 22 years. He promoted our Company in 1994 and is associated since then. He looks after the day to day affairs of company with those related to production of textile division, sales and finance.</p> <p>PAN: ADXPG4433H</p> <p>Voter ID : PB/09/060/664421</p> <p>Passport : B586558</p> <p>Bank A/c details: A/c No. 10403742099 with State Bank of India, Miller Ganj, Ludhiana</p>
	<p>Mr. Sandeep Gupta, 42 years, Director is the promoter director of our company. An Engineering graduate (Electronics) from Nagpur University and he has over 20 years of experience in the iron and steel and textile industry in our group. He started his career by joining his father's business at an age of 22 years. He promoted our company in 1994 and is associated since then as director of our company. He looks after the affairs of steel division.</p> <p>PAN: ADYPG7241G</p> <p>Voter ID : PB/09/060/664422</p> <p>Passport: B5681053</p> <p>Bank A/c details: A/c No. 10403741595 with State Bank of India, Miller Ganj, Ludhiana</p>

Relationship of Promoters with each other and with our directors

Name	Designation	Relationship
Mr. Krishan Chand Gupta	Chairman	Father of Mr. Pardeep Gupta & Mr. Sandeep Gupta
Mr. Pardeep Gupta	Managing Director	Son of Mr. Krishan Chand Gupta and brother of Mr. Sandeep Gupta
Mr. Sandeep Gupta	Director	Son of Mr. Krishan Chand Gupta and brother of Mr. Pardeep Gupta

Details of our Corporate Promoters:

MUKESH STEELS LIMITED ("MSL")

The Company was incorporated as Mukesh Steels Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 29, 1981 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 4654. The name of our Company was changed to Mukesh Steels Limited *vide* a fresh Certificate of Incorporation dated October 09, 1987 pursuant to conversion into a limited company. The Corporate Identification Number of our Company is L27106PB1981PLC04654. The registered office of the Company is situated at Gill Road Miller Ganj, Ludhiana Punjab India.

MSL had done Initial public issue of 5,44,000 equity shares at par during 1988. The shares of the company were listed on Ludhiana and Delhi Stock Exchange. The company came out with Composite public cum rights issue during 1989 of 5,00,000 equity shares at par and the shares were listed on Bombay Stock Exchange and Vadodara Stock Exchange in addition to existing stock exchanges. The company came out with Composite public cum rights issue during 1989 of 9,90,000 equity shares at par. The Company has completed the objects of the issue as mentioned in the offer document.

Details of the Issue made during last three years:

Year of Issue	
Type of the Issue	Rights Issue
Amounts of the Issue	₹ 437.76 lacs
Date of the Closure of the Issue	April 08, 2008
Date of Completion of the Delivery of the Share Certificates	May 06, 2008
Object of the Issue	To meet long term working capital

The Company has completed the objects of the issue as mentioned in the offer document.

Stock Market Data

The Equity Shares of MSL is listed on the Ludhiana, Delhi, Vadodara and Bombay Stock Exchange. The shares of the company are traded only on Bombay Stock Exchange (BSE).

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	High (₹)	Low (₹)
March 2011 (till 21/03/2011)	6.53	6.13
February 2011	7.50	6.78
January 2011	8.51	7.71
December 2010	10.00	8.11
November 2010	11.14	9.48
October 2010	11.02	9.42
September 2010	10.50	9.51

The market capitalisation of MSL on BSE based on the closing price of ₹ 6.53 per equity share on March 21, 2011 was ₹ 428.79 Lacs.

Current Nature of Activities

Mukesh Steels Limited, is in the business of manufacture of steel ingots, flats and re-rolled products, i.e. mild steel & carbon steel rounds which are broadly classified as long products in the steel industry. The main application of products manufactured by MSL is in the bicycle, auto parts, scaffolding, forging and hand tool industries. MSL also sells ingots manufactured in their furnace division to various industries including other rolling mills.

Board of Directors

Currently, the Board of Directors of MSL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Executive Chairman & Managing Director
2.	Deepak Gupta	Executive Director
3.	Vinod Gosain	Executive Director
4.	Gulshan Wadhwa	Independent Director
5.	Ashok Kumar Gupta	Independent Director
6.	Arun Goyal	Independent Director
7.	Naresh Batra	Independent Director
8.	Kartar Singh Arora	Independent Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of MSL as per Clause 35 of the Listing Agreement is as follows

Category code	Category of Shareholder	No. of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a %age of (A+B)	As a %age of (A+B+C)	No. of shares	As a % age
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	19	3007433	2964033	45.80	45.80	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	Nil	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	13	1361141	1156100	20.73	20.73	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	Nil	0.00	0.00	0.00	0.00
(e)	Any Others(Specify)	0	0	Nil	0.00	0.00	0.00	0.00
	Sub Total(A)(1)	32	4368574	4120133	66.53	66.53	0.00	0.00
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	Nil	0.00	0	0.00	0.00
b	Bodies Corporate	0	0	Nil	0.00	0	0.00	0.00
c	Institutions	0	0	Nil	0.00	0	0.00	0.00
d	Any Others(Specify)	0	0	Nil	0.00	0	0.00	0.00
d-i					0.00	0	0.00	0.00

d-ii					0.00	0	0.00	0.00
	Sub Total(A)(2)	0	0	Nil	0.00	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	32	4368574	4120133	66.53	0.00	0.00	0.00
	(B) Public shareholding							
	1 Institutions							
(a)	Mutual Funds/ UTI			0.00	0.00	0.00		
(b)	Financial Institutions / Banks	0	0	Nil	0.00	0.00	0	0
(c)	Central Government/ State Government(s)	0	0	Nil	0.00	0.00	0	0
(d)	Venture Capital Funds	0	0	Nil	0.00	0.00	0	0
(e)	Insurance Companies	0	0	Nil	0.00	0.00	0	0
(f)	Foreign Institutional Investors	0	0	Nil	0.00	0.00	0	0
(g)	Foreign Venture Capital Investors	0	0	Nil	0.00	0.00	0	0
(h)	Any Other (specify)	0	0	Nil	0.00	0.00	0	0
(h-i)	NIL				0.00	0.00		
(h-ii)	NIL				0.00	0.00		
	Sub-Total (B)(1)	0	Nil	0.00	0.00	0.00	0	0
	B 2 Non-institutions							
(a)	Bodies Corporate #	51	897415	464199	13.67	13.67	0.00	0.00
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	5976	1188745	323597	18.10	18.10	0.00	0.00
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	8	111476	33154	1.70	1.70	0.00	0.00
(c)	Any Other	0	0	0	0.00	0.00	0.00	0.00
(c-i)	Trust	3	250	0	0.00	0.00	0.00	0.00
(c-ii)	Non-Resident Indians	0	0	0	0.00	0.00	0.00	0.00
(c-iii)	Clearing Members	0	0	0	0.00	0.00	0.00	0.00
	Sub-Total (B)(2)	6038	2197886	820950	33.47	33.47	0.00	0.00
	(B) Total Public Shareholding (B)=(B)(1)+(B)(2)	6038	2197886	820950	33.47	33.47	0.00	0.00
	TOTAL (A)+(B)	6070	6566460	4941083	100	100	0.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts	0	0	0	0.00	0.00	0.00	0.00

	have been issued							
	GRAND TOTAL (A)+(B)+(C)	6070	6566460	4941083	100	100	0.00	0.00

Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”

Sl. No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Krishan Chand Gupta	393750	6.00%
2	Krishan Chand Gupta HUF	386427	5.88%
3	Simla Rani	152045	2.32%
4	Sandeep Gupta	305200	4.65%
5	Sandeep Gupta HUF	290750	4.43%
6	Pardeep Gupta	334200	5.09%
7	Pardeep Gupta HUF	260450	3.97%
8	Deepak Gupta HUF	524600	7.99%
9	Poonam Gupta	153811	2.34%
10	Meena Gupta	87100	1.32%
11	Jaswanti Devi	7000	0.11%
12	Sonia Gupta	105500	1.61%
13	Aarti Gupta	4600	0.08%
14	Gulshan Wadwa	2000	0.03%
	Bodies corporate		
1	Mukesh Udyog Ltd	141900	2.16%
2	Punjab Ispat Pvt Ltd	428000	6.28%
3	Mukesh Industrial Finance Limited	9874	0.15%
5	Goodluck Travel Pvt Ltd	64200	0.98%
6	Mukesh alloys Ltd	217800	3.32%
7	Kay Cee Ispat Udyog Pvt Ltd	108167	1.12%
8	DBA switchgears Pvt Ltd	93100	1.42%
9	Akriti Cine media Pvt Ltd	24200	0.37%
10	Jay ambay knitters Pvt Ltd	24100	0.37%
11	Ashrafi Investments Pvt Ltd	122300	1.86%
12	Smrati Builders Pvt Ltd	44000	0.67%
13	Plezer Investments Pvt Ltd	83500	1.27%
	Total		66.53

Promoters of MSL

The current promoters of MSL are Mr. Kishan Chand Gupta, Mr. Sandeep Gupta and Mr. Pardeep Gupta.

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03.2009	31.03.2010
Equity Capital	218.88	656.65	656.65
Less :Calls in Arrears	-	-39.97	-39.47
Add : Share forfeiture	0.12	0.12	0.12
Paid up Equity share Capital	219.00	616.80	617.30

Reserves and Surplus (Excl. Revaluation Reserves)	393.75	413.55	446.33
Misc. Expenditure to the extent not written off	-	-	-
Networth	612.75	1,030.35	1,063.63
Total Income	6,115.93	7,148.51	5,332.19
Profit / (Loss) after tax	91.96	19.80	32.77
Earnings per share (₹)	4.20	0.30	0.50
Net Asset Value Per Share (₹)	27.99	15.69	16.20
Face Value	10	10	10

Other disclosures:

The Equity Shares of MSL is listed on the Ludhiana, Delhi, Vadodara and Bombay Stock Exchange. The shares of the company are traded only on Bombay Stock Exchange (BSE). No action has been taken against the company by any Stock Exchange or SEBI, except for the suspension of trading and the subsequent revocation of the same, as disclosed under the heading Risk Factor no. 12, on page 15 of the Draft Red Herring Prospectus.

MSL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further MSL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MSL.

MUKESH STRIPS LIMITED (“Mukesh Strips”)

The Company was incorporated as Mukesh Strips and Tubes Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated March 31, 1992 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 16 - 12160. The name of our Company was changed to Mukesh Strips Limited *vide* a fresh Certificate of Incorporation dated October 15, 1996. The Corporate Identification Number of our Company is L27310PB1992PLC012160. The registered office of the Company is situated at Village Dhandari Khurd, near Phase VII of Focal Point Ludhiana Punjab India.

Mukesh Strips had done Initial public issue of 21,96,000 equity shares at par in September 1993. The shares of the company were listed on Ludhiana Stock Exchange, Delhi Stock Exchange, Bombay Stock Exchange and Vadodara Stock Exchange. The Company has completed the objects of the issue as mentioned in the offer document.

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of Mukesh Strips as per Clause 35 of the Listing Agreement is as follows:

Category	Category of Share Holders	Number of Share Holder	Total number of Shares	Number of shares held in dematerialized form	As a Percent age of Holding	Shares pledged	As a Percent age of Holding
(A)	Shareholding of promoter and promoter group						
1	Indian						
(a)	Individual/ Hindu Undivided Family	19	326775	254975	8.93	0.00	0.00
(b)	Central government/ state government	0	0	Nil	0.00	0.00	0.00
(c)	Bodies corporate	16	1237450	641650	33.81	0.00	0.00
(d)	Financial institutions/ banks	0	0	Nil	0.00	0.00	0.00
(e)	Any other (specify)	0	0	Nil	0.00	0.00	0.00
(e-i)				0.00	0.00	0.00	0.00
(e-ii)				0.00	0.00	0.00	0.00
	Sub Total(A)(1)	35	1564225	896625	42.74	0.00	0.00
2	FOREIGN						
a	Individuals (Non-residents individuals/ Foreign Individual)	0	0	Nil	0.00	0	0.00
B	Bodies corporate	0	0	Nil	0.00	0	0.00
C	Institution	0	0	Nil	0.00	0	0.00
D	Any other (specify)	0	0	Nil	0.00	0	0.00
D – i					0.00	0	0.00
D – ii					0.00	0	0.00
	Sub Total(a)(2)	0	0	0	0.00	0	0.00
	Total share holding of Promoters & Promoters Group	35	1564225	896625	42.74		
(B)	Public Share Holding						
1		0	0	0.00	0.00	0.00	0.00
(a)	Mutual Fund UTI	0	0	Nil	0.00	0.00	0.00
(b)	Financial Institution Bank	0	0	Nil	0.00	0.00	0.00
(C)	Central Government /State Government	0	0	Nil	0.00	0.00	0.00
(D)	Venture Capital Funds	0	0	Nil	0.00	0.00	0.00
(E)	Insurances Companies	0	0	Nil	0.00	0.00	0.00
(F)	Foreign institutional investors	0	0	Nil	0.00	0.00	0.00
(G)	Foreign Venture Capital Investor	0	0	Nil	0.00	0.00	0.00
(H)	Any other (specify)	0	0	Nil	0.00	0.00	0.00
(H-i)					0.00	0.00	0.00
(H-ii)					0.00	0.00	0.00
B 2	Non Institution						
(a)	Bodies Corporate	46	125869	55269	3.44	0.00	0.00
(b)	Individuals						
1	Individuals- Individuals Holding Nominal Capital Upto- 1 Lacs	6352	1892420	155570	51.71	0.00	0.00
2	INDIVIDUALS- Individual shareholders holding nominal capital in excess of 1 lac	4	74974	15474	2.05	0.00	0.00
(c)	Any other specify(NRI)	3	2512	2512	0.07	0.00	0.00
(c-i)		0.00	0.00	0.00	0.00	0.00	0.00
(c-ii)					0.00	0.00	0.00
	Sub Total(B)(2)	6405	2095775	228825	57.26	0.00	0.000
(B)	Total Shareholding	6405	2095775	228825	57.26	0.00	0.00

	(B)=(B)(1)+(B)(2)						
	Total (A)+(B)	6440	3660000	1125450	100	0.00	0.00
(C)	Shares Held by Custodian and Against Which Depository Receipt have been Issued	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	6440	3660000	1125450	100	0.00	0.00

Stock Market Data

The Equity Shares of Mukesh Strips is listed on the Ludhiana, Delhi, Vadodara and Bombay Stock Exchange. The shares of the company are traded only on Bombay Stock Exchange (BSE).

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	High (₹)	Low (₹)
March 2011 (till 21/03/2011)	11.48	8.75
February 2011	12.60	11.50
January 2011	12.60	11.80
December 2010	15.00	10.25
November 2010	15.70	13.50
October 2010	15.15	13.10
September 2010	15.59	13.01

The market capitalisation of Mukesh Strips on BSE based on the closing price of ₹ 9.18 per equity share on March 21, 2011 was ₹ 335.99 Lacs.

Current Nature of Activities

Mukesh Strips Limited is in the business of manufacture of steel ingots, flats and re-rolled products, i.e. mild steel & carbon steel rounds which are broadly classified as long products in the steel industry. The main application of products manufactured by Mukesh Strips is in the bicycle, auto parts, scaffolding, forging and hand tool industries. Mukesh Strips also sells ingots manufactured in their furnace division to various industries including other rolling mills.

Board of Directors

Currently, the Board of Directors of Mukesh Strips consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Non Executive – Promoter Director
2.	Pardeep Gupta	Non Executive – Promoter Director
3.	Sandeep Gupta	Executive – Promoter Director
4.	Vinod Aggarwal	Independent Director
5.	Ashok Kumar Gupta	Independent Director
6.	Arun Goyal	Independent Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of Mukesh Strips as per Clause 35 of the Listing Agreement is as follows

Share Holding by Promoters and Promoter Group

Sl. No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Krishan Chand Gupta	83250	2.27%
2	Krishan Chand Gupta HUF	26100	0.71%
3	Simla Rani	28800	0.79%
4	Sandeep Gupta	27300	0.75%
5	Sandeep Gupta HUF	24320	0.66%
6	Pardeep Gupta	32955	0.90%
7	Pardeep Gupta HUF	23655	0.65%
8	Deepak Gupta	27400	0.75%
9	Deepak Gupta HUF	21400	0.59%
10	Jaswanti Devi	24100	0.66%
11	Rajeev Kumar	2300	0.06%
12	Aarti Gupta	5000	0.14%
	Bodies corporate		
1	Mukesh Udyog Ltd	496100	13.55%
2	Punjab Ispat Pvt Ltd	157000	4.29%
3	Mukesh steels Ltd	145650	3.98%
4	Mukesh Industrial Finance Ltd	106300	2.90%
5	Goodluck Travel Pvt Ltd	98000	2.68%
6	Mukesh Alloys Ltd	57400	1.57%
7	Kay Cee Ispat Udyog Pvt Ltd	41000	1.12%
8	DBA switchgears Pvt Ltd	38600	1.05%
9	Akriti cine media pvt ltd	38000	1.04%
10	Jay ambay knitters pvt ltd	26400	0.72%
11	Matry mangal builders pvt ltd	20800	0.57%
12	Plezer investment pvt ltd	10000	0.27%
13	Smrati builders pvt ltd	2200	0.06%
	Total	1564225	42.74%

Promoters of Mukesh Strips

The current promoters of Mukesh Strips are Mr. Kishan Chand Gupta, Mr. Sandeep Gupta and Mr. Pardeep Gupta.

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2010	31.03.2009	31.03.2008
Equity Capital	366.00	366.00	366.00
Less :Calls in Arrears	29.59	-29.59	-29.59
Add : Share forfeiture	-	-	-
Paid up Equity share Capital	336.41	336.41	336.41
Reserves and Surplus (Excl. Revaluation Reserves)	238.33	208.77	188.83
Misc. Expenditure to the extent not written off	-	-	-
Networth	574.74	545.18	525.24
Total Income	3,941.75	6,704.49	3,568.12
Profit / (Loss) after tax	29.56	19.94	34.35
Earnings per share (₹)	0.81	0.54	0.94
Net Asset Value Per Share (₹)	15.70	14.90	14.35
Face Value	10	10	10

Other disclosures:

The Equity Shares of Mukesh Strips is listed on the Ludhiana, Delhi, Vadodara and Bombay Stock Exchange. The shares of the company are traded only on Bombay Stock Exchange (BSE). No action has been taken against the company by any Stock Exchange or SEBI, except for the suspension of trading and the subsequent revocation of the same, as disclosed under the heading Risk Factor no. 13, on page 15 of the Draft Red Herring Prospectus.

Mukesh Strips is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further Mukesh Strips is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Mukesh Strips.

MUKESH INDUSTRIAL FINANCE LIMITED ("MIFL")

The Company was incorporated as Mukesh Industrial Finance Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated June 06, 1992 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 12409. The Corporate Identification Number of our Company is U65921PB1992PLC012409. The registered office of the Company is situated at Gill Road, Miller Ganj Ludhiana Punjab 141003.

The company is incorporated to carry on the business of syndicating as well as providing financing to industrial enterprises. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of MIFL consists of:

Sr. No.	Name	Designation
1.	Sandeep Gupta	Director
2.	Pardeep Gupta	Director
3.	Vinod Gosain	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of MIFL is as follows

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Deepak Gupta	200	8.33
2	Mukesh Gupta	100	4.17
3	Dinesh Gupta	100	4.17
4	Vinod Gosain	100	4.17
5	Sanjay Gupta	200	8.33
6	Tarsem Lal Singla	100	4.17
7	Krishan Chand Gupta HUF	200	8.33
8	Simla Rani	300	12.50
9	Aarti Gupta	200	8.33
10	Ashwani Kumar	900	37.50
	Total	2400	100.00

Brief Audited Financial Information

Particulars	(₹ In Lacs)		
	31.03.2010	31.03.2009	31.03.2008
Paid up Equity share Capital	0.24	0.24	0.24
Reserves and Surplus (Excl. Revaluation Reserves)	0.11	0.11	0.48
Misc. Expenditure to the extent not written off	-	-	-
Networth	0.35	0.35	0.72
Total Income	0.03	0.20	0.10
Profit / (Loss) after tax	-0.01	-0.36	-0.01
Earnings per share (₹)	-0.42	-15.00	-0.42
Net Asset Value Per Share (₹)	14.58	14.58	30.00
Face Value	10	10	10

Other disclosures:

The Equity Shares of MIFL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

MIFL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further MIFL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MIFL.

PLEZER INVESTMENT PRIVATE LIMITED ("PIPL")

The Company was incorporated as Plezer Investment Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated April 22, 1991 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 11290. The Corporate Identification Number of our Company is U67120PB1991PTC011290. The registered office of the Company is situated at H. NO. 168/C, Raj Guru Nagar, Village Tharika, Ludhiana Punjab - 141002.

The company is incorporated to carry on the business of merchant banking and financial services. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of PIPL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Dinesh Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of PIPL is as follows

Sl. No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1.	Dinesh Gupta	100	0.43
2.	Tarsem Lal Singla	800	3.43
3.	Vinod Gosain	900	3.86
4.	Neelam Rani	800	3.43

5.	Aarti Gupta	100	0.43
6.	Krishan Chand Gupta	100	0.43
7.	Pardeep Gupta	300	1.29
8.	Sandeep Gupta	300	1.29
9.	Krishan Chand Gupta (HUF)	100	0.43
10	Sandeep Gupta (HUF)	19800	84.97
	Total	23300	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2010	31.03.2009	31.03.2008
Paid up Equity share Capital	2.33	2.33	2.33
Reserves and Surplus (Excl. Revaluation Reserves)	0.22	0.23	0.23
Misc. Expenditure to the extent not written off	-	-	-
Networth	2.55	2.56	2.56
Total Income	0.03	0.04	0.04
Profit / (Loss) after tax	-0.01	-0.01	-0.01
Earnings per share (₹)	-0.04	-0.04	-0.04
Net Asset Value Per Share (₹)	10.94	10.99	10.99
Face Value	10	10	10

Other disclosures:

The Equity Shares of PIPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

PIPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further PIPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against PIPL.

Other confirmations

The Permanent Account Number, Bank Account details and Passport Number of our Promoters have been submitted to Bombay Stock Exchange Limited (BSE), National Stock Exchange Limited (NSE), Ludhiana Stock Exchange (LSE) and Delhi Stock Exchange Limited (DSE) on which our Company proposes to list its Equity Shares at the time of filing of this Draft Red Herring Prospectus.

Further, our Promoters have not been identified as a willful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Relatives of Promoters

The natural persons who are part of our Promoter group (due to their relationship with our Promoters), other than the Promoters named above are as follows:

Relationship	Mr. Krishan Chand Gupta	Mr. Pardeep Gupta	Mr. Sandeep Gupta
Father	Mr. Chajju Ram	Mr. Krishan Chand Gupta	Mr. Krishan Chand Gupta
Mother (including step mother)	Ms. Jaswanti Devi	Ms. Simla Rani	Ms. Simla Rani
Spouse	Ms. Simla Rani	Ms. Poonam Gupta	Ms. Sonia Gupta

Brother	Late Mr. Joginder Pal Gupta	Mr. Sandeep Gupta Mr. Deepak Gupta	Mr. Pardeep Gupta Mr. Deepak Gupta
Sister	Ms. Raj Rani Ms. Krishna Rani Ms. Darshana	Ms. Aarti Gupta (Aggarwal)	Ms. Aarti Gupta (Aggarwal)
Sons	Mr. Pardeep Gupta Mr. Sandeep Gupta Mr. Deepak Gupta	Mr. Pranav Gupta	Mr. Sainyam Gupta Mr. Hemant Gupta
Daughter	Ms. Aarti Gupta (Aggarwal)	Ms. Chand Gupta Ms. Somya Gupta	Ms. Niharika Gupta
Spouse's Father	Mr. Devi Dayal Jain	Mr. R K Gupta	Mr. Raj Kumar Bansal
Spouse's Mother	Ms. Vidhya Devi	Mr. Kanchan Gupta	Ms. Sunita Bansal
Spouse's Brother	Mr. Shanti Kumar Jain Mr. Sheetal Kumar Jain	Mr. Sumit Gupta	Mr. Rajeev Bansal
Spouse's Sister	Ms. Krishna Rani Ms. Raksha Rani Ms. Nirmal Devi Ms. Guddi	--	Ms. Kavita Aggarwal

Interest of Promoters

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

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

Except as stated hereinabove and as stated in "Related Party Transactions" appearing under section titled "Financial Information" beginning on page 134 of the Draft Red Herring Prospectus, 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 the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Our Promoters are interested to the extent of rent received by them for the properties owned by the Promoters and given on lease/leave and license to our Company. For further details please refer to the section titled "Property", beginning on Page 102 and "Related Party Transactions" appearing under section titled "Financial Information" beginning on page 149 of the Draft Red Herring Prospectus.

Further, except as stated in this section and in the chapters titled "Business Overview" and "Our Management" beginning on pages 91 and 110 respectively, and section titled "Financial Statements" beginning on page 134 of the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years of the date of the Draft Red Herring Prospectus.

Payment or Benefit to our Promoters

No payment has been made or benefit given to our Promoters in the two years preceding the date of the DRHP or is intended to be given by us except mentioned / referred to in this Chapter and in Page 149 under Related Party Transactions, under the Chapter “Auditors Report and Financial Information of our company” of the DRHP.

Sales or Purchases between Companies in the Group

There have been no sales or purchases between companies in the group exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” “₹” in this Draft Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the AGM of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to the shareholders, considering a number of factors including, without limitation, our Company’s future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The dividend payments in the past are not necessarily indicative of the dividend amounts, if any, or the dividend policy, of our Company in the future.

Our Company has not paid any Dividend till date.

SECTION – VII – FINANCIAL INFORMATION

RESTATED AUDITORS REPORT

The Board of Directors
Mukesh Udyog Limited
(Formerly known as Amit Udyog Ltd)
Ludhiana.

Dear Sirs,

We have examined the financial information of Mukesh Udyog Limited ("Company") annexed to this report, initialed by us for identification, which has been prepared in accordance with the requirements of:

i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (the "Act"), and the amendments thereof:

ii) The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement Regulation) 2009 issued by the Securities and Exchange Board of India ("SEBI") and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and

iii) In accordance with our engagement with the Company requesting us to examine the financial information referred to above and proposed to be included in the offer document of the Company in connection with its Further Public Offer of Equity Shares (referred to as the "Issue").

(A) Financial Information of the Company:

We have examined:

1. The attached summary statement of Restated Profits & Losses of the Company for the accounting year ended March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010 as prepared by the Company and approved by the Board of Directors. (Annexure-I).

2. The accompanying summary statement of Restated Assets & Liabilities of the Company as at March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010 as prepared by the Company and approved by the Board of Directors. (Annexure – II)

3. The accompanying summary statement of cash flows of the company for the accounting year ended March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010 as prepared by the company and approved by the Board of Directors. (Annexure- III)

These statements reflect the Assets and Liabilities and Profit and Losses for each of the relevant years and period as extracted from the balance sheet and profit and loss account for those years by ourselves for the financial year ended March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010. These financial statements for all the years have been approved by the Board of Directors of the Company and adopted by the members of the Company for the respective years. The restated financial statements have been made after making such adjustments and regroupings as in our opinion are appropriate and are described fully in the Notes appearing in Annexure V to this report.

Based on our examination of these summary statements we confirm that:

1. The accounting policies applied for each of the accounting year ended March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010 are materially consistent with the existing Accounting Standards.

There has been no change in the accounting policies over these years therefore no adjustments on account of change in accounting policies are required in the audited financial statements for the years presented. A summary of significant accounting policies being adopted by the company is given in (Annexure IV).

2. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year to which they are related as described in Note on adjustment carried out in Restated Financial Statement appearing in (Annexure V).

3. There was no qualification in the audit reports issued by the statutory auditor for the accounting year ended March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010 which would require adjustment in these Restated Financial Statements

(B) Other Financial Information of the Company:

We have also examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer Document:

1. Details of Other Income as appearing in Annexure VI to this report.
2. Accounting Ratios as appearing in Annexure VII to this report.
3. Capitalization Statement as appearing in Annexure VIII to this report.
4. Statement of Tax Shelters as appearing in Annexure IX to this report.
5. Statement of Secured Loans as appearing in Annexure X to this report.
6. Statement of Unsecured Loans as appearing in Annexure XI to this report.
7. Details of Debtors as appearing in Annexure XII to this report.
8. Details of Loans and Advances as appearing in Annexure XIII to this report.
9. Details of Contingent Liabilities & Capital Commitments as appearing in Annexure XIV to this report.
10. Details of Related Party, Relationship and Transactions and Significant Transaction with related parties as appearing in Annexure XV to this report.
11. Details of Dividend Paid during the year as appearing in Annexure XVI to this report
12. Details of Long Term Investments as appearing Annexure XVII to this report.
13. Details of Qualification in Auditors Report as appearing in Annexure XVIII to this report
14. Details of Changes in the Significant Accounting Policies as appearing in Annexure XIX to this report
15. Quantitative details as appearing in Annexure XX to this report

In our opinion, the above financial information of the Company read with Significant Accounting Policies attached in Annexure IV to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI (ICDR) Regulations issued by SEBI, as amended from time to time subject to and read with other notes.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other statutory auditor, nor should this report be construed as a new opinion on any of the financial statements referred therein.

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

Thanking you,
For Gupta Vinod Kumar & Associates.
Chartered Accountants
Vinod Gupta
Proprietor
Membership No: 085489
Registration No: 006904N

Place: Ludhiana
Date: March 20, 2011

Annexure – I: Statement of Assets and Liabilities as Restated

							(₹ In Lacs)
Sr. No.	Particulars	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
A.	Assets						
	Fixed assets:-						
	Gross Block	7601.68	5636.90	5617.75	3512.73	1742.58	1741.74
	Less : Depreciation	1889.77	1642.07	1149.21	742.71	575.01	414.17
	Net Block	5711.90	3994.83	4468.54	2770.02	1167.57	1327.57
	Capital Work In Progress	0.21	1205.91	17.16	536.73	11.52	11.52
	Capital Advances	181.06	213.81	132.07	435.45	245.53	5.61
	Sub Total (A)	5893.17	5414.55	4617.77	3742.21	1424.62	1344.71
B.	Investments (B)	57.03	57.03	57.12	45.12	44.53	39.16
C.	Current Asset and Loan & Advances:-						
	Inventories	1226.06	892.20	610.46	431.61	216.22	207.04
	Sundry debtors	1598.35	1065.79	884.37	437.35	180.24	118.27
	Cash and bank balance	253.94	221.48	6.75	38.96	62.52	18.11
	Loans and advances	1042.16	832.49	1289.48	710.90	332.27	348.63
	Sub Total (C)	4120.50	3011.96	2791.06	1618.82	791.25	692.05
D.	Misc. Exp. Prel. /Public Issue Exps.	-	-	-	-	-	-
E	Total Assets (A+B+C+D)	10070.69	8483.54	7465.95	5406.14	2260.40	2075.91
	Current Liabilities & Provisions						
	Liabilities	2022.45	1043.80	1204.22	1001.65	226.55	215.55
	Provisions	88.13	109.21	47.88	42.04	57.74	18.32
F	Total Current Liabilities (E)	2110.58	1153.01	1252.09	1043.69	284.29	233.86
	Other Liabilities & Provisions						
	Secured Loans	4637.63	4279.15	3743.50	2725.53	793.65	478.69
	Unsecured Loan	371.18	512.08	358.18	253.43	56.42	347.05
G	Sub total (F)	5008.81	4791.23	4101.69	2978.96	850.06	825.74
H	Share Application Money (G)	380.00**	380.00	365.00	0.00	0.00	48.00
I	Deferred tax liability (H)	418.28	348.15	361.04	192.55	138.60	122.17
J	Total Liabilities (E+F+G+H)	7917.66	6672.39	6079.82	4215.20	1272.95	1229.77
	Net Worth (E-J)	2153.03	1811.15	1386.13	1190.95	987.45	846.14
	Represented by						
	Share Capital:-						
K	Equity Shares Capital	315.64	315.64	315.64	315.64	315.64	315.64
L	Preference Shares Capital	327.00	327.00	327.00	327.00	326.51	268.51
M	Reserves & Surplus	1510.39	1168.51	743.49	548.31	345.30	261.99
	Net Worth	2153.03	1811.15	1386.13	1190.95	987.45	846.14

** The Company has refunded the share application money in March 2011.

Annexure-II Summary Statement of Profits and Losses, As Restated

(₹ In Lacs)							
Sr. No.	Particulars	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
A.	Income:-						
1	SALES						
	Of Products Manufactured by the Issuer	2930.27	5755.80	3337.41	2230.03	2449.61	2524.21
	Of Products Traded in by the Issuer	3392.97	6917.30	10473.98	5165.14	2107.61	1131.13
	Total Sales (Net of Excise Duty)	6323.24	12673.10	13811.39	7395.17	4557.22	3655.33
2	Other Income	37.09	46.88	21.00	29.29	1.48	14.99
	(Increase)/Decrease in Inventory	331.14	283.09	173.47	203.49	10.78	-39.16
	Total Income (A)	6691.47	13003.07	14005.86	7627.95	4569.49	3631.16
B.	Expenditure						
1	RM Consumed	5248.11	10748.04	12336.68	6664.24	3752.80	2760.76
2	Manufacturing Expenses	425.30	777.28	464.89	322.45	340.39	365.32
3	Personnel Expenses	46.74	91.95	79.39	45.35	49.52	28.06
4	Administration and Other Charges	20.36	32.95	31.95	25.37	21.68	19.57
5	Repair and Maintenance	1.92	8.53	6.91	4.84	4.68	5.70
6	Selling & Dist. Exps.	63.66	68.28	33.60	15.18	19.83	13.76
7	Interest & Financial Expenses	137.54	291.72	234.38	83.83	62.23	58.95
8	Depreciation	247.70	492.86	406.50	167.70	160.84	154.33
	Total Expenditure (B)	6191.33	12511.61	13594.30	7328.95	4411.97	3406.44
C	Net Profit before tax and extraordinary items (A-B)	500.14	491.46	411.56	299.00	157.52	224.73
D	Provision for taxation on income:						
	Current tax	88.13	79.34	47.17	41.37	57.36	18.68
	Fringe benefit tax	-	-	0.71	0.67	0.42	0.17
	Deferred tax	70.13	-12.90	168.49	53.95	16.43	69.06
E	Net Profit after tax and before extraordinary items	341.88	425.02	195.18	203.01	83.31	136.82
	Extraordinary items	-	-	-	-	-	-
F	Net Profit after extraordinary items	341.88	425.02	195.18	203.01	83.31	136.82
G	Add:						
	Balance b/forward	1168.51	743.49	548.31	345.30	261.99	125.17
	Balance carried to balance sheet	1510.39	1168.51	743.49	548.31	345.30	261.99

ANNEXURE III CASH FLOW STATEMENT

Particulars	(₹ in lacs)					
	Period ended	Year ended	Year ended	Year ended	Year ended	Year ended
	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Cash Flows from Operating Activities						
Net Profit before tax and extra ordinary items	500.14	491.46	411.56	299.00	157.52	224.73
Adjustments for: -						
Depreciation	247.70	492.86	406.50	167.70	160.84	154.33
Interest expenses	116.09	271.64	224.29	70.87	51.28	55.64
Operating profit before Working Capital Changes	863.93	1255.97	1042.35	537.57	369.63	434.69
Adjustment for changes in working capital						
(Increase)/Decrease in Trade and Other Receivables	(742.24)	275.56	(1025.61)	(635.75)	(45.61)	44.68
(Increase)/Decrease in Inventory	(333.85)	(281.75)	(178.84)	(215.39)	(9.19)	41.49
Increase/(Decrease) in Trade Payables and Other liabilities	957.57	(99.08)	208.40	759.40	50.43	33.93
Cash Generated from Operating Activities	745.40	1150.71	46.30	445.83	365.26	554.79
Interest Paid	(116.09)	(271.64)	(224.29)	(70.87)	(51.28)	(55.64)
Direct Taxes	(88.13)	(79.34)	(47.88)	(42.04)	(57.78)	(18.85)
Net Cash From Operating Activities (A)	541.19	799.73	(225.87)	332.93	256.20	480.30
Cash Flows from Investing Activities						
Purchase of fixed assets	(1964.77)	(19.15)	(2105.02)	(1770.15)	(0.84)	(114.52)
Capital Work in Progress	1205.70	(1188.75)	519.57	(525.21)	0.00	(5.32)
Capital Advances	32.76	(81.74)	303.38	(189.92)	(239.91)	1.72
Proceed from sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of Investment	0.00	0.00	(12.00)	(0.60)	(5.37)	0.00
Sale of Investments	0.00	0.10	0.00	0.00	0.00	0.00
Net Cash from Investing Activities (B)	(726.31)	(1289.54)	(1294.07)	(2485.88)	(246.12)	(118.12)
Cash Flow from Financing Activities						
Proceeds from Long Term Borrowings	477.88	1034.34	1332.41	1737.62	242.30	6.56
Repayment of Long Term Borrowings	(231.26)	(587.50)	(66.77)	(494.53)	(120.20)	(103.43)
Proceeds from Short term borrowings	111.86	242.70	845.01	1241.34	299.12	0.00
Repayment of Short term borrowings	(140.90)	0.00	(987.91)	(355.54)	(396.89)	(315.68)
Proceed from issue of share capital	0.00	0.00	0.00	0.49	10.00	0.00
Proceeds from Share Application Money	0.00	15.00	365.00	0.00	0.00	48.00
Cash From Financing Activities (C)	217.58	704.54	1487.74	2129.39	34.33	(364.55)
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	32.46	214.73	(32.20)	(23.57)	44.41	(2.37)

Cash & Cash Equivalents as at beginning	221.48	6.75	38.95	62.52	18.11	20.48
Cash & Cash Equivalents as at end	253.94	221.48	6.75	38.95	62.52	18.11

Annexure-IV: Significant Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and the relevant provisions of the said Act.

b) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost is inclusive of purchase price and any other directly attributable cost to bring the asset to their working condition for intended use.

Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

c) Depreciation

Depreciation on fixed assets has been provided on pro-rata basis at the Straight Line Method in accordance with the Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued at Cost or Net Realisable Value whichever is lower. The cost in respect of following items is computed as under: -

- Raw Material : At FIFO Basis Plus Direct Expenses.
- Stores & Spares : At FIFO Basis Plus Direct Expenses.
- Finished Goods : At Raw Material Cost (Weighted Average)
Plus Conversion Cost.
- Work in Process : At Raw Material Cost Plus 50 % of Conversion Cost.
- By Products : At Net Realisable Value.

e) CENVAT

CENVAT credit, wherever available, on Excise Duty/VAT paid inputs and capital assets is accounted for by reducing the purchase cost of the related inputs or the capital assets, as the case may be.

f) Investments

Current Investments are carried at lower of cost or quoted/fair value. Long Term Investments are carried at cost less provisions, if any, for permanent diminution in value.

g) Government Grants

The interest subsidy receivable under TUF Scheme of Government of India is being accounted for on accrual basis and reduced from the related expense.

h) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations the amount of which can be reliably estimated

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

- i) Sales
Sales are Net of Returns, Value Added Tax and Excise Duty.
- j) Revenue Recognition
Revenue on sale of goods is recognised at the point of dispatch of goods to the customers.
- k) Employee Benefits :
 - i) Short Term Employee Benefits:
Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related services is rendered.
 - ii) Post Employment Benefits:
DEFINED CONTRIBUTION PLANS :
Provident Fund :
 Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 and is charged to the Profit & Loss Account.

DEFINED BENEFIT PLANS :
Gratuity :
 Provision for Gratuity Liability to Employees is made on the basis of Actuarial Valuation as at the close of the year.
- l) Borrowing Cost
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the asset. Other Borrowing costs are recognised as an expense in the year in which they are incurred.
- m) Foreign Currency Transactions
Foreign currency transactions are accounted for at equivalent rupee value converted at the rates prevalent at the time of transaction and/or at the forward contract rate, if so applicable. However, where there is no forward contract and the payments are pending, the rate prevailing at the year-end are considered and difference is accounted for as income/loss under Foreign Exchange Rate Fluctuation.
- n) Hedging Contracts
The company normally uses forward exchange contracts to hedge its foreign exchange exposure in accordance with its Forex Policy. As at 31st March, 2010, the company had no Forward Exchange contract outstanding. The uncovered foreign exchange exposure as at 31st March 2010 is US\$ 11,17,697.31.
- o) Accounting For Taxes on Income
Provision for taxation for the year comprises of current tax, deferred tax and fringe benefit tax.
 - i) Current tax is the amount of Income Tax ascertained on the basis of assessable profit computed in accordance with the provision of Income Tax Act, 1961.
 - ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- iii) Fringe Benefit Tax is the amount of tax determined to be payable in respect of the value of fringe benefits provided or deemed to have been provided to the employees.

Notes to Accounts

1. Contingent Liabilities not provided for :
Letter of Credit outstanding in favour of suppliers ₹ 509.41 Lacs (Previous Year : ₹ 501.79 Lacs)

2. No amount has been claimed from the company under the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993.

The small scale industrial undertaking to whom an amount exceeding ₹ 1.00 Lac is outstanding for more than 30 days as at the Balance Sheet date is as under:

M/s Associated Cones (P) Ltd.	:	₹ 294693.00
M/s Delton Cables Ltd.	:	₹ 362627.80
M/s Reynaud Engineers	:	₹ 308031.55
M/s India Pneumatics & Hydraulics (P) Ltd.	:	₹ 341759.00
M/s Kavitsu Transmission (P) Ltd.	:	₹ 388231.00
M/s Samrat Knit Fabs (P) Ltd.	:	₹ 1361167.00
M/s Surya Powser Tech & Gears (P) Ltd.	:	₹ 413925.00

The above information regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

3. The company has requested its suppliers to furnish the information whether they are registered under the provisions of The Micro, Small and Medium Enterprises Development Act, 2006. The company has not received any information in this regard. Hence, disclosure as required under Section 22 of the said Act could not be furnished.
4. As the company's business activity falls within a single primary business segment viz. manufacturing/trading of yarn/cloth, the disclosure requirements of Accounting Standard (AS 17) on segment reporting issued by the Institute of Chartered Accountants of India are not applicable.
5. In the opinion of the Board of Directors, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the value at which they are stated.
6. Confirmation of Balances, whether in debit or credit, from parties have not been obtained. As such their effect on Profit & Loss Account can't be reflected.
7. The company has carried out comprehensive exercise to assess the impairment loss of assets. Based on such exercise, there is no impairment of assets. Accordingly, no adjustment in respect of loss on impairment of asset is required to be made in the accounts.
8. Figures for the current period are of six months and for the previous year figures have been regrouped/rearranged wherever considered necessary to make them comparable with the current period figures.

Annexure-V: Notes on adjustment carried out for restated financial statement

(₹ in lacs)

Particulars	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Net Profit after tax as per audited						
Financial statements	341.88	425.02	195.18	234.02	101.18	127.15
Add(+)/Less(-)						
Adjustment on Account of Income Tax Earlier Years	0.00	0.00	0.00	0.04	4.96	-0.04
Adjustment on Account of Gratuity already provided	0.00	0.00	0.00	1.70	0.10	-0.68
Adjustment on a/c of Misc. Receipts already Accounted For	0.00	0.00	0.00	-32.75	0.00	0.00
Adjustment on account of TUF Subsidy in Financial Exp.	0.00	0.00	0.00	0.00	0.00	10.39
Adjustment on account of TUF Subsidy in Other Income	0.00	0.00	0.00	0.00	-22.93	0.00
Adjustment on account of Cash Surrendered	0.00	0.00	0.00	0.00	0.00	0.00
Profit after tax as restated	341.88	425.02	195.18	203.01	83.31	136.82

Annexure VI - Schedule of Other Incomes

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Interest Received (Gross)	11.78	7.55	21.00	0.46	-	0.70
Insurance Claims Received	-	12.95	-	-	0.32	0.06
Commission Earned	-	-	-	-	-	13.40
Miscellaneous Receipts	-	0.30	-	0.07	-	-
Foreign Exchange Fluctuation	16.78	-	-	-	-	0.83
Profit on Sale of Current Investments	0.00	0.00	-	28.76	-	-
Incentive Against Exports	8.53	26.08	-	-	1.16	-
Total Amount	37.09	46.88	21.00	29.29	1.48	14.99

Annexure VII:
Summary of Accounting and other Ratio

Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Basic/Diluted Earnings per share (Rupees)	10.83	13.47	6.18	6.43	2.64	4.33
Net Asset Value (Rupees per	57.85	47.02	33.55	27.37	20.94	18.30

share)						
Return on Net Worth (%)	15.88	23.47	14.08	17.05	8.44	16.17
NOTES :						
1. Basic EPS is being calculated by using the formula: Net Profit after Tax and Extraordinary items/No. of outstanding equity shares						
2. Net Assets value is being calculated by using the formula: (Equity share capital + Reserves & Surplus) / No. of outstanding Equity shares						
3. Return on Net worth is being calculated by using the formula: Net Profit after Tax and Extraordinary items / Networth						

Annexure VIII: Capitalization Statement

	Pre Issue as at 31.03.2010	Pre Issue as at 30.09.2010	Post Issue*
Debt :			
Secured			
Short term debt	829.06	940.92	[•]
Long term debt	3450.09	3696.71	[•]
Unsecured			
Short term debt	512.08	371.18	[•]
Total Debt	4791.23	5008.81	[•]
Shareholders Funds			
Paid up Share Capital	642.64	642.64	[•]
Reserves and Surplus	1168.51	1510.39	[•]
Less: Revaluation Reserves	0	0	
Less: Misc. Expenditure	0	0	
Total Shareholders' Funds	1811.15	2153.03	[•]
Long Term Debt/ Shareholders' Funds	1.90	1.72	[•]
Total Debt / Shareholders Fund	2.65	2.33	[•]

* Post issue calculations can be done only on the conclusion of the book building process.

Annexure IX: Tax Shelter Statement

Particulars	As at					
	30-09-2010	31-03-2010	31-03-2009	31-03-2008	31-03-2007	31-03-2006
Profit Before Tax as per Books	500.14	491.46	411.56	330.05	180.35	215.02
Tax rate						
-- Normal Tax rate	33.22%	33.99%	33.66%	33.66%	33.66%	33.66%
-- Minimum Alternative Tax rate	20.39%	16.99%	11.33%	11.33%	11.33%	8.42%
Notional Tax at normal rates (A)	166.13	167.05	138.53	111.09	60.71	72.38
Permanent differences						
Profit on sale of Investments considered separately	0	0	-	28.76	0	0
Misc. Receipts surrendered in Income Tax	0	0	-	32.75	0	0
Other Adjustments	(0.11)	(0.39)	(1.91)	(0.72)	(1.58)	(0.38)
Total (B)	(0.11)	(0.39)	(3.19)	60.78	(1.58)	(0.38)
Timing Differences						
Difference between tax depreciation and book depreciation	234.94	43.67	495.72	158.74	(40.22)	215.40
Brought Forward Depreciation					12.82	
Other adjustments	-	-	-	(0.16)-	-	-
Total (C)	234.94	43.67	495.72	158.74	(27.40)	215.40
Net Adjustments (B+C)	234.83	43.28	492.53	219.36	(28.98)	215.02
Tax Savings (D)	78.00	14.71	165.79	73.84	(9.75)	72.38
Total Taxation (E = A-D)	88.13	152.34		40.52 51.53	70.46	-
				**		
Tax payable as per MAT(F)	102.00	83.50	46.63	37.39	20.43	18.10
Tax Payable Maximum of E or F	102.00	152.34	46.63	51.53	70.46	18.10

** Includes Capital gain Tax @ 11.33% on profit on sale of investments considered separately

Annexure – X: Schedule of Secured Loans

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Working Capital From Banks						
State Bank of India	940.92	829.06	740.25	187.91	299.12	106.26
Punjab & Sind Bank	0.00	0.00	0.00	800.00	0.00	0.00
TOTAL	940.92	829.06	740.25	987.91	299.12	106.26
Term Borrowings from Banks						
State Bank of India	2184.49	2415.40	2998.86	1728.01	490.44	365.87
Punjab & Sind Bank	1512.22	1034.34	0.00	0.00	0.00	0.00
TOTAL	3696.71	3449.74	2998.86	1728.01	490.44	365.87
Vehicle Loans From Banks						
ICICI Bank Car Loan	0.00	0.35	4.39	9.61	4.09	6.56
TOTAL	0.00	0.35	4.39	9.61	4.09	6.56
Total Amount	4637.63	4279.15	3743.50	2725.53	793.65	478.69

Name of the Lender	Nature of Loan	Sanction Amount (₹ in Lacs)	Amt. Outstanding as on 30-09-2010 (₹ in Lacs)	Interest Rate	Repayment Schedule	Security
SPINNING DIVISION						
State Bank of India	Cash Credit (Hyp.) Cash Credit (BD) EPC	1500.00	940.92	5.25% above base rate		<p>Primary: Hypothecation of entire current assets of Spinning Division of the company including raw materials, consumable stores and spares, stocks-in- process, finished goods, bills, book debts and receivables present and future.</p> <p>Collateral: 1) 2nd Charge on entire fixed assets of the company of the Spinning Division.</p> <p>2) Equitable Mortgage of plot measuring 8 Kanals 16 Marlas situated at Village Buddhewal,</p>

						<p>Ludhiana in the name of Sh. Sandeep Gupta.</p> <p>3) Equitable Mortgage of plot measuring 9407.75 sq mtrs (15 Kanal 11 M vide wasika No. 807, 811) situated at Dhandari Khurd, near Phase VII, Focal Point, Ludhiana.</p>
State Bank of India	Term Loan	2788	2184.49	4.25% above base rate	<p>Repayable in 28 quarterly installments starting from March, 2009 i.e. 27 installments of ₹ 1.04 crores and 28th installment of ₹ 0.92 Crores.</p>	<p>Primary: First charge on the entire fixed assets of the spinning division of the company both present and future including Equitable Mortgage of the following properties:</p> <p>Equitable mortgage of lease hold rights of the Company in respect of land measuring 58 Kanal 3 Marlas wide vasika No. 28516, 28704, 30062, 30672, 31277, 31643 situated at Village Buddhewal, near Kohara, Ludhiana (The Registered lease deed is dated 08-10-2002 and is for a period of 20 years.)</p> <p>The Ownership rights in respect of the leased property (58 Kanal 3 Marlas) of agricultural land (developed as industrial land) are also equitable mortgaged by lessors Shri Krishan Chand Gupta, Deepak Gupta, Sandeep Gupta, Pardeep Gupta and Smt. Simla Rani.</p> <p>Collateral: 1) 2nd charge on entire current assets of the company of the Spinning Division.</p> <p>2) Equitable Mortgage of plot measuring 8 Kanals</p>

						<p>16 Marlas situated at Village Buddhewal, Ludhiana in the name of Sh. Sandeep Gupta.</p> <p>3) Equitable Mortgage of plot measuring 9407.75 sq mtrs (15 Kanal 11 M vide wasika No. 807, 811) situated at Dhandari Khurd, near Phase VII, Focal Point, Ludhiana.</p>
STEEL DIVISION						
Punjab & Sind Bank	Term Loan	1500	1512.22	Base Rate + 2.80%	<p>Repayable in 7 years beginning December, 2010 in quarterly installments as under:</p> <p>First, 2 installments of ₹ 0.30 crore, next 4 installments of ₹ 0.50 crore, next 8 installments of ₹ 0.60 crore, next 10 installments of ₹ 0.70 crore and last installment of ₹ 0.60 crore in December, 2016.</p>	<p>Primary:</p> <p>1) 1st charge on the plant and machinery, building and other assets to be created out of the Term Loan.</p> <p>Collateral:</p> <p>1) Equitable Mortgage of Land measuring 10.018 Acres situated at Village Buddhewal, Sub-Tehsil Kum Kalan, Tehsil and Distt. Ludhiana.</p> <p>2)Subservient Charge on the fixed assets of the spinning unit of the co.</p>

Annexure XI: Schedule of Unsecured Loans

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
From Related parties	192.98	117.38	111.25	152.79	21.32	236.95
From Others	178.20	394.7	246.93	100.64	35.10	110.10
Total Amount	371.18	512.08	358.18	253.43	56.42	347.05

The above unsecured loan doesn't carry any interest and are repayable on demand.

Annexure XII: Schedule of aging of debtors

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Outstanding for a period exceeding six months	292.16	64.76	109.77	38.11	38.42	9.90
Less than six months	1306.18	1001.04	774.60	399.24	141.82	108.37
Total Amount	1598.35	1065.79	884.37	437.35	180.24	118.27

Annexure XIII:**Schedule of Loans and Advances**

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Advances recoverable in cash or in kind or for value to be received	610.16	461.11	964.50	402.78	79.59	74.84
Deposit with Govt Authorities	431.99	371.38	324.98	308.12	252.67	273.79
Total Amount	1042.16	832.49	1289.48	710.90	332.27	348.63

Annexure XIV:**Schedule of Contingent liabilities not provided for**

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Uncalled capital on partly paid up shares	-	-	-	-	-	3.40
Letter of Credit Outstanding	509.41	501.79	-	517.56	-	-
Bank Guarantee Outstanding	-	-	-	1.28	-	-
Total Contingent Liabilities	509.41	501.79	0.00	518.84	0.00	3.40

Annexure XV: Related party disclosure

		(₹ in Lacs)					
Particulars							
Particulars	Nature of relationship	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
(A)							
TRANSACTIONS:							
01. Sale of Goods							
Mukesh Strips Limited	Enterprise in which directors have significant influence		178.14				
Mukesh Steels Limited	Enterprise in which directors have significant influence	4.06	351.89				
	Total	4.06	530.03				
02. Purchase of Goods							
Mukesh Strips Limited	Enterprise in which directors have significant influence		0.70	7.28	7.79		
Mukesh Steels Limited	Enterprise in which directors have significant influence	232.96		5.20			
	Total	232.96	0.70	12.48	7.79	-	-
Loan Taken							
Krishan Chand Gupta (H.U.F.)	Director			0.06	0.60	0.99	0.90
Krishan Chand Joginder Paul	Firm in which director is interested	25.6	15.00	83.00	80.00	15.00	84.90
Matry Mangal Builders (P) Ltd	Enterprise in which directors have significant influence				2.45		5.00
Mukesh Alloys Private Limited	Enterprise in which directors have significant influence			2.00	61.20		6.00
Mukesh Steels Limited	Enterprise in which directors have significant influence		350.00	583.00	252.00	20.00	403.50
Mukesh Strip Limited	Enterprise in which directors have significant influence		100.00	509.00	160.00	30.00	237.60
Pardeep Gupta (H.U.F.)	Director			0.05	0.30	1.14	1.07
Punjab IspaT (P) Ltd.	Enterprise in which directors have significant influence	50	24.00	182.00	150.00	64.00	218.70
Deepak Gupta	Relative of Director						5.00
Krishan Chand	Director						

Gupta				0.11	0.10	0.46	0.43
Simla Rani	Relative of Director		4.40	0.09	0.83	0.75	0.68
Aakriti Cine Media Private Limited	Enterprise in which directors have significant influence			14.00	5.94		
Ashrafi Investments Private Limited	Enterprise in which directors have significant influence			3.00	10.45		
DBA Switchgears Private Limited	Enterprise in which directors have significant influence		3.95		9.99		
Goodluck Travellers Private Limited	Enterprise in which directors have significant influence				3.36		
Kay Cee Ispat Udhyog Private Limited	Enterprise in which directors have significant influence		0.19		2.70		
Mukesh Industrial Finance Private Limited	Enterprise in which directors have significant influence		0.13	5.00	12.85		
Odeon Enterprises Private Limited	Enterprise in which directors have significant influence			19.20	0.80		
Plezer Investments Private limited	Enterprise in which directors have significant influence				2.92		
Smriti Builders & Dev Private limited	Enterprise in which directors have significant influence		0.45		2.98		
Chand Gupta			2.50				
	Total	75.60	500.62	1,400.51	759.47	132.34	963.78
<u>Loan Repaid</u>							
<u>Deepak Gupta (H.U.F.)</u>	Relative of Director						0.92
Krishan Chand Gupta (H.U.F.)	Director			5.55		4.70	
Krishan Chand Joginder Paul	Firm in which director is interested	0	15.00	83.00	80.00	215.70	107.20
Matry Mangal Builders (P) Ltd	Enterprise in which directors have significant influence	0		1.89		4.70	0.30
Mukesh Alloys Private Limited	Enterprise in which directors have significant influence	0		20.00	5.00		6.00
Mukesh Steels Limited	Enterprise in which directors have significant influence	0	350.00	583.00	252.00	20.00	403.50

Mukesh Strip Limited	Enterprise in which directors have significant influence	0	100.00	509.00	160.00	30.00	369.71
Pardep Gupta (H.U.F.)	Diretor	0	0.49	2.00	5.00	4.95	
Punjab Ispat (P) Ltd.	Enterprise in which directors have significant influence	0	24.00	206.00	126.00	64.00	218.70
Deepak Gupta	Relative of Director	0					9.09
KrishanChand Gupta	Diretor	0				3.92	
Meena Gupta	Relative of Director	0					3.37
Sandeep Gupta	Diretor	0					0.59
Simla Rani	Relative of Director	0	5.00	7.69			0.10
Ashrafi Investments Private Limited	Enterprise in which directors have significant influence	0		5.00			
DBA Switchgears Private Limited	Enterprise in which directors have significant influence	0		4.00			
Goodluck Travellers Private Limited	Enterprise in which directors have significant influence	0		3.00			
Mukesh Industrial Finance Private Limited	Enterprise in which directors have significant influence	0		7.00			
Plezer Investments Private limited	Enterprise in which directors have significant influence	0		2.92			
Smriti Builders & Dev Private limited	Enterprise in which directors have significant influence	0		2.00			
	Total	-	494.49	1,442.05	628.00	347.97	1,119.48
Expenses							
Lease rent							
Deepak Gupta	Relative of Director	0.15	0.30	0.30	0.30	0.30	0.30
KrishanChand Gupta	Diretor	0.3	0.60	0.60	0.60	0.60	0.60
Pardeep Gupta	Diretor	0.15	0.30	0.30	0.30	0.30	0.30
Sandeep Gupta	Diretor	0.18	0.36	0.36	0.36	0.36	0.36
Simla Rani	Relative of Director	0.27	0.54	0.54	0.54	0.54	0.54
	Total	1.05	2.10	2.10	2.10	2.10	2.10
Loan Given							

Punjab Ispat (P) Limited	Enterprise in which directors have significant influence		68.50	50.00		5.00	
Mukesh Steels Limited	Enterprise in which directors have significant influence		399.98	51.00	128.00	275.00	
Mukesh Strips limited	Enterprise in which directors have significant influence	80	259.00	106.00	5.00	87.00	2
Matry Mangal Builders (p) Ltd	Enterprise in which directors have significant influence					0.36	
Mukesh Alloys (P) Limited	Enterprise in which directors have significant influence						94.9
Sandeep Gupta	Diretor		10.00			0.72	10
Odean Enterprises (P) Ltd	Enterprise in which directors have significant influence				16.20		25
Pardeep Gupta	Diretor				1.89	0.42	7.66
Deepak Gupta	Relative of Director						2.66
Meena Gupta	Relative of Director					0.72	6.63
Sonia Gupta	Relative of Director						12.05
Poonam Gupta	Relative of Director						10
Krishanchand Paul	Director		12.00	25.00	12.00	20.00	
	Total	80.00	749.48	232.00	163.09	389.22	170.90
<u>Loan Received Back</u>							
Punjab Ispat (P) Limited	Enterprise in which directors have significant influence		68.50	50.00	128.00	5.00	
Mukesh Steels Limited	Enterprise in which directors have significant influence		399.98	51.00	5.00	275.00	
Mukesh Strips limited	Enterprise in which directors have significant influence	80	259.00	106.00		87.00	2
Matry Mangal Builders (p) Ltd	Enterprise in which directors have significant influence				0.36		
Mukesh Alloys (P) Limited	Enterprise in which directors have significant influence						94.9
Sandeep Gupta	Diretor		10.00			0.72	10

Odean Enterprises (P) Ltd	Enterprise in which directors have significant influence				16.20		25
Pardeep Gupta	Director				1.89	1.24	6.85
Deepak Gupta	Relative of Director						2.66
Meena Gupta	Relative of Director					0.72	6.63
Sonia Gupta	Relative of Director						12.05
Poonam Gupta	Relative of Director						10
Krishan Chand Paul	Firm in which director is interested		12.00	25.00	12.00	20.00	
	Total	80.00	749.48	232.00	163.45	389.68	170.09
Remuneration							
Pardeep Gupta	Director	6.00	10.50	9.00	9.00	9.00	9.00
	Total	6.00	10.50	9.00	9.00	9.00	9.00
(B) BALANCE AT THE YEAR END :							
Loan Taken							
Krishan Chand Gupta (H.U.F.)	Director	0.66	0.66	0.66	6.15	5.55	9.26
Krishan Chand Joginder Paul	Firm in which director is interested	25.6					200.70
Matry Mangal Builders (P) Ltd	Enterprise in which directors have significant influence	0.56	0.56	0.56	2.45		4.70
Mukesh Alloys Private Limited	Enterprise in which directors have significant influence	38.2	38.20	38.20	56.20		
Pardeep Gupta (H.U.F.)	Director			0.49	2.44	7.14	10.95
Punjab Ispat (P) Ltd.	Enterprise in which directors have significant influence	50			24.00		
Krishan Chand Gupta	Director	1.15	1.15	1.15	1.04	0.94	4.40
Simla Rani	Relative of Director	0.32	0.32	0.92	8.51	7.69	6.94
Aakriti Cine Media Private Limited	Enterprise in which directors have significant influence	19.94	19.94	19.94	5.94		
Ashrafi Investments Private Limited	Enterprise in which directors have significant influence	8.45	8.45	8.45	10.45		
DBA Switchgears Private Limited	Enterprise in which directors have significant influence	9.94	9.94	5.99	9.99		

Goodluck Travellers Private Limited	Enterprise in which directors have significant influence	0.36	0.36	0.36	3.36		
Kay Cee Ispat Udhyog Private Limited	Enterprise in which directors have significant influence	2.89	2.89	2.70	2.70		
Mukesh Industrial Finance Private Limited	Enterprise in which directors have significant influence	10.98	10.98	10.85	12.85		
Odeon Enterprises Private Limited	Enterprise in which directors have significant influence	20	20.00	20.00	0.8		
Plezer Investments Private limited	Enterprise in which directors have significant influence				2.92		
Smriti Builders & Dev Private limited	Enterprise in which directors have significant influence	1.43	1.43	0.98	2.98		
Chand Gupta	Daughter Of Pardeep Gupta	2.5	2.50				
	Total	192.98	117.38	111.25	152.78	21.32	236.95
Loan Given							
Matry Mangal Builders (p) Ltd	Enterprise in which directors have significant influence					0.36	
Pardeep Gupta	Director						0.81
	Total					0.36	0.81

Annexure XVI: Details of Dividend paid

The company has not paid any dividend during last 5 years and for the period ended September 30, 2010.

Annexure XVII: Schedule of Investments

(₹ in lacs)						
Particulars	As at 30.09.10	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07	As at 31.03.06
Long Term Investments (At cost)						
Non Trade						
(i) QUOTED	56.78	56.78	56.78	44.78	44.28	38.91
(ii) Unquoted	0.25	0.25	0.25	0.25	0.25	0.25
(c) Current Investment (at cost) Quoted	-	-	0.10	0.10	-	-
Total Amount	57.03	57.03	57.12	45.12	44.53	39.16

Of which companies under the same management						
Quoted						
417100 equity shares of Mukesh Strips Limited	40.88	40.88	40.88	40.88	40.88	36.51
144600 Equity Shares of Mukesh steel Limited	14.40	14.40	14.40	#2.4	2.4	2.4
Of which companies not under the same management						
Quoted						
10000 units of SBI One India Fund	1.00	1.00	1.00	1.00	1	
5000 units of SBI Infrastructure Fund	0.50	0.50	0.50	0.50		
175 Equity shares of Everady Ind.Limited			0.09	0.09		
Unquoted						
2500 Equity shares of RCS Financial Tech Limited	0.25	0.25	0.25	0.25	0.25	0.25
Total	57.03	57.03	57.12	42.72	44.53	39.16
Market value of Quoted investment		84.71	20.82	60.35	83.82	

Annexure XVIII: Qualification in Audit Report
Nil

Annexure XIX: Changes in Significant accounting policies
Nil

Annexure XX: Quantitative details

I) CAPACITY AND PRODUCTION	Current Year (Sept, 30, 2010)	Previous Year (March 31, 2010)
i. <u>Licensed Capacity</u>		
Acrylic/Viscose/ Polyester/Cotton Yarn	79744 Spindles	79744 Spindles
ii. <u>Installed Capacity</u>		
Acrylic/Viscose/ Polyester/Cotton Yarn	30000 Spindles	30000 Spindles
iii. <u>Actual Production</u>		
Acrylic/Viscose/ Polyester/Cotton Yarn	30000 Spindles	30000 Spindles

(Capacities are as certified by the management but not verified by us being technical matter)

a)

	Qty (MTS)		Value (₹)	
	Current Year	Previous Year	Current Year	Previous Year
	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10
TURNOVER				
Polyester Yarn	2349.929	2624.126	255458793	253775835
Cotton Yarn	2769.385	1653.426	329247753	171441778
Acrylic Yarn	192.719	641.426	28643971	88147763
Cloth	2585.635	5140.244	477628387	834745914
Fibre	252.565	--	16101311	--
Wastes	583.594	117.272	18677615	3101407
Iron Scrap	2981.87	--	53002567	--
Others	748.643	284.117	88549518	29557282

b)

	Qty (MTS)		Value (₹)	
	Current Year	Previous Year	Current Year	Previous Year
	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10
Trading Goods Purchased				
Polyester Yarn	790.261	924.302	87213037	84615020
Cotton Yarn	116.571	219.636	15986034	24284900
Acrylic Yarn	192.719	536.338	28746720	71676061
Other Yarns	660.767	284.117	81401310	30672156
Cloth	2590.892	5140.244	443722865	779443297

c)

	Qty (MTS)		Value (₹)	
	Current Year	Previous Year	Current Year	Previous Year
	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10
Raw Material Consmed				
Polyester Fibre	1594.381	1658.244	106482375	108470119
Cotton Fibre	3325.684	1725.883	212635547	106908892
Other	87.918	108.724	11076910	13943168

d)

	Qty (MTS)		Value (₹)	
	Current Year	Previous Year	Current Year	Previous Year
	30-Sep-10	31-Mar-10	30-Sep-10	31-Mar-10
Production Data				
Polyester Yarn	1568.469	1613.059	NA	NA
Cotton Yarn	2704.275	1718.418	NA	NA
Other Yarns	87.875	105.335	NA	NA
Wastes	602.989	239.478	NA	NA

e)

		Opening Stock		Closing Stock	
Finished Goods		Qty	Value	Qty	Value
(produced & traded)		MTS	₹	MTS	₹
Yarns	Current Year	155.935	15177642	216.197	20999764

	Previous Year	183.919	17181366	155.935	15177642
Wastes	Current Year	98.675	2113278	92.462	2596830
	Previous Year	36.676	1072843	98.675	2113278

III. **C.I.F. VALUE OF IMPORTS** : ₹ 5,19,63,301.00 (Previous Year ₹ NIL)

IV. **EXPENDITURE/EARNING IN FOREIGN CURRENCY** :

EXPENDITURE

Interest on FCNRB Accounts: ₹ 15,04,021/- (Previous Year ₹ 19,96,042/-)

EARNINGS

F.O.B. Value of Exports : ₹ 2,72,86,334/- (Previous Year ₹ NIL)

V. **VALUE OF INDIGENOUS AND IMPORTED RAW MATERIAL & STORES CONSUMED:**

	Current Year Sept-30-2010		Previous Year Mar-31-2010	
	<u>Value</u>	<u>% age</u>	<u>Value</u>	<u>% age</u>
<u>Raw Material</u>				
Indigenous	330194832	100.00%	229322180	100.00 %
Imported	--	--	--	--
<u>Stores & Spares</u>				
Indigenous	12668955	100.00%	6300688	100.00 %
Imported	--	--	--	--

FINANCIAL INFORMATION OF GROUP COMPANIES

The SEBI ICDR Regulations defined Group Companies to mean companies, firms, ventures etc. promoted by the promoters of the issuer, irrespective of whether such entities are covered under Section 370(1)(b) of the Companies Act, 1956 or not. As on the date of this Draft Red Herring Prospectus the companies promoted by our Promoters comprising our Group Entities are the following:

Mukesh Group comprises of the following companies:

1. Asharfi Investments Private Limited
2. Jay Ambay Knitters Private Limited
3. Punjab Ispat Private Limited
4. Akriti Cine Media Private Limited
5. DBA Switchgears Private Limited
6. Goodluck Travellers Private Limited
7. Kay Cee Ispat Udyog Private Limited
8. Matry Mangal Builders Private Limited
9. Mukesh Alloys Private Limited
10. Odean Enterprises Private Limited
11. Smrati builders developers private limited

Partnership firm

M/s. Krishan Chand Joginder Pal

ASHARFI INVESTMENTS PRIVATE LIMITED (“AIPL”)

The Company was incorporated as Asharfi Investments Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated January 01, 1986 issued by the Registrar of Companies, Delhi and Haryana with registration number 22996. The Corporate Identification Number of our Company is U74899DL1986PTC022996. The registered office of the Company is situated at Z-16 1st Floor, Room No-2, Loha Mandi Naraina, New Delhi -110064, India.

The company is incorporated to carry on the business of an investment company. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of AIPL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Pardeep Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of AIPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Krishan Chand Gupta	350	3.28
2	Rishva Devi	550	5.15
3	Tarsem Lal Singla	20	0.19
4	Rajeev Gupta	60	0.56
5	Pardeep Gupta	400	3.75

6	Jaswanti Devi	40	0.37
7	Simla Rani	50	0.47
8	Pardeep Bansal	500	4.69
9	Sunita Devi	300	2.81
10	Poonam Bansal	500	4.69
11	Veena	500	4.69
12	Parveen Kumar	500	4.69
13	Mohinder Singh	500	4.69
14	Suraj Prakash	500	4.69
15	Raj Kumar	500	4.69
16	Rakesh Kumar	500	4.69
17	Satish Kumar	500	4.69
18	Pushpa Devi	500	4.69
19	Subhash Chander	500	4.69
20	Vinod Kumar	500	4.69
21	Gurbax Rai	500	4.69
22	Atul Modi	500	4.69
23	Suraj Prakash	500	4.69
24	Pawan Kumar	500	4.69
25	Lovely Rani	300	2.81
26	Sandeep Gupta	300	2.81
27	Aarti Gupta	100	0.94
28	Krishan Chand Gupta (HUF)	200	1.87
		10670	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	1.07	1.07	1.07
Reserves and Surplus (Excl. Revaluation Reserves)	1.52	1.22	1.22
Misc. Expenditure to the extent not written off	-	-	-
Networth	2.59	2.29	2.29
Total Income	0.04	0.09	0.04
Profit / (Loss) after tax	-0.01	-0.30	-0.01
Earnings per share (₹)	-0.09	-2.80	-0.09
Net Asset Value Per Share (₹)	24.21	21.40	21.40
Face Value	10	10	10

Other disclosures:

The Equity Shares of AIPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

AIPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further AIPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against AIPL.

JAY AMBAY KNITTERS PRIVATE LIMITED (“JKPL”)

The Company was incorporated as Jay Ambay Knitters Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 20, 1993 issued by the Registrar of Companies, Delhi and Haryana with registration number 55 - 54922. The Corporate Identification Number of our Company is U74899DL1993PTC054922. The registered office of the Company is situated at B-195, Maharana Partap enclave, Pitampura New Delhi-110064.

The company is incorporated to carry on the business of manufacturing of fabrics and garments. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of JKPL consists of:

Sr. No.	Name	Designation
1.	Deepak Gupta	Director
2.	Dinesh Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of JKPL is as follows

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1.	Dinesh Gupta	810	98.66
2.	Deepak Gupta	10	1.22
3.	Neeraj Jain	1	0.12
	Total	821	100.00

Brief Audited Financial Information

(₹ In Lacs)			
Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	0.08	0.08	0.08
Reserves and Surplus (Excl. Revaluation Reserves)	0.34	0.34	0.33
Misc. Expenditure to the extent not written off	-	-	-
Networth	0.42	0.42	0.41
Total Income	0.02	0.03	0.03
Profit / (Loss) after tax	-0.01	-0.01	-0.01
Earnings per share (₹)	-1.25	-1.25	-1.25
Net Asset Value Per Share (₹)	52.50	52.50	51.25
Face Value	10	10	10

Other disclosures:

The Equity Shares of JKPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

JKPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further JKPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against JKPL.

PUNJAB ISPAT PRIVATE LIMITED (“Punjab Ispat”)

The Company was incorporated as Monga Concast Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated February 08, 1993 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 16 - 13030. The name of the company was changed to Punjab Ispat Limited *vide* fresh certificate of incorporation dated February 14, 1994. Further the name of the company was changed to Punjab Ispat Private Limited on March 24, 2003 pursuant to conversion of the company into private limited. The Corporate Identification Number of our Company is U27104PB1993PTC013030. The registered office of the Company is situated at Gill Road Miller Ganj, Ludhiana Punjab India.

The company is incorporated to carry on the business of manufacture, process and deal in high speed steels, stainless steels, special alloy steels etc.

Board of Directors

Currently, the Board of Directors of Punjab Ispat consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Dinesh Gupta	Director
3.	Vinod Gosain	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of Punjab Ispat is as follows

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Simla Rani	700	0.05
2	Aarti Gupta	100	0.01
3	Sandeep Gupta	1100	0.07
4	Deepak Gupta	700	0.05
5	Krishan Chand Gupta	999	0.07
6	Poonam Gupta	200	0.01
7	Pardeep Gupta	300	0.02
8	L D Finvest (P) Ltd.	45000	2.96
9	Matry Mangal Builders Private Limited	720000	47.40
10	Sh. Neeraj Gupta	20000	1.32
11	Smt. Shashi Prabha	20000	1.32
12	Gopal Krishna (HUF)	20000	1.32
13	Mr. Gopal Krishna	20000	1.32
14	RCS Financial Tech Limited	200000	13.17
15	RCS Securities (P) Limited	70000	4.61
16	Titan Confine Limited	320000	21.07
17	RPS Finvest (P) Limited	80000	5.27
18	GG Steel	1	0.00
	Total	1519100	100.00

Brief Audited Financial Information

(₹ In Lacs)			
Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	106.91	106.91	106.91
Reserves and Surplus (Excl. Revaluation Reserves)	30.17	31.11	34.79
Misc. Expenditure to the extent not written off	-	-	-
Networth	137.08	138.02	141.70
Total Income	2,289.78	2,107.75	905.50
Profit / (Loss) after tax	1.53	2.96	4.47
Earnings per share (₹)	0.14	0.28	0.42

Net Asset Value Per Share (₹)	12.82	12.91	13.25
Face Value	10	10	10

Other disclosures:

The Equity Shares of Punjab Ispat are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

Punjab Ispat is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further Punjab Ispat is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Punjab Ispat.

AKRITI CINE MEDIA PRIVATE LIMITED (“ACMPL”)

The Company was incorporated as Akriti Cine Media Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 24, 1993 issued by the Registrar of Companies, Delhi and Haryana with registration number 55 - 54953. The Corporate Identification Number of our Company is U7489DL1993PTC054953. The registered office of the Company is situated at B-195, Maharana Pratap Enclave, Pitampura New Delhi-110064.

The company is incorporated to carry on the business relating to advertising activities. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of ACMPL consists of:

Sr. No.	Name	Designation
1.	Sandeep Gupta	Director
2.	Dinesh Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of ACMPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Sandeep Gupta	1010	98.92
2	Dinesh Gupta	10	0.98
3	Neeraj Jain	1	0.10
	Total	1021	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	0.10	0.10	0.10
Reserves and Surplus (Excl. Revaluation Reserves)	0.16	0.04	0.03
Misc. Expenditure to the extent not written off	-	-	-
Networth	0.26	0.14	0.13
Total Income	0.03	0.37	0.04
Profit / (Loss) after tax	-0.01	-0.12	-0.01
Earnings per share (₹)	-1.00	-12.00	-1.00
Net Asset Value Per Share (₹)	26.00	14.00	13.00
Face Value	10	10	10

Other disclosures:

The Equity Shares of ACMPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

ACMPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further ACMPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against ACMPL.

DBA SWITHGEARS PRIVATE LIMITED (“DSPL”)

The Company was incorporated as DBA Switchgears Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated September 20, 1986 issued by the Registrar of Companies, Delhi and Haryana with registration number 18509. The Corporate Identification Number of our Company is U74899DL1986PTC018509. The registered office of the Company is situated at Z-16 1ST Floor, Room No.2 Loha Mandi Naraina New Delhi-110064, India.

The company is incorporated to carry on the business of investment company. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of DSPL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Simla Rani Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of DSPL is as follows

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Krishan Chand Gupta	950	26.03
2	Simla Rani	850	23.29
3	Rishva Rani	700	19.18
4	Pardeep Gupta	250	6.85
5	Tarsem Lal Singla	500	13.70
6	Sanjay Gupta	300	8.22
7	Sandeep Gupta	50	1.37
8	Rajeev Gupta	50	1.37
	Total	3650	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	0.37	0.37	0.37
Reserves and Surplus (Excl. Revaluation Reserves)	2.15	1.83	1.83
Misc. Expenditure to the extent not written off	-	-	-
Networth	2.52	2.20	2.20
Total Income	0.02	0.04	0.04
Profit / (Loss) after tax	-0.01	-0.32	-0.01
Earnings per share (₹)	-0.27	-8.65	-0.27
Net Asset Value Per Share (₹)	68.11	59.46	59.46
Face Value	10	10	10

Other disclosures:

The Equity Shares of DSPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

DSPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further DSPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against DSPL.

GOODLUCK TRAVELLERS PRIVATE LIMITED (“GTPL”)

The Company was incorporated as Goodluck Travellers Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 24, 1993 issued by the Registrar of Companies, Delhi and Haryana with registration number 55 -54959. The Corporate Identification Number of our Company is U74899DL1993PTC054959. The registered office of the Company is situated at B-195, Maharana Partap Enclave, Pitampura New Delhi 110064 India.

The company is incorporated to carry on the business of travel agency and other allied functions. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of GTPL consists of:

Sr. No.	Name	Designation
1.	Sandeep Gupta	Director
2.	Deepak Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of GTPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Sandeep Gupta	10	47.62
2	Deepak Gupta	10	47.62
3	Neeraj Jain	1	4.76
	Total	21	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	0.002	0.002	0.002
Reserves and Surplus (Excl. Revaluation Reserves)	0.05	0.04	0.04
Misc. Expenditure to the extent not written off	-	-	-
Networth	0.05	0.04	0.04
Total Income	0.02	0.27	0.03
Profit / (Loss) after tax	-0.01	-0.01	-0.01
Earnings per share (₹)	-50.00	-50.00	-50.00
Net Asset Value Per Share (₹)	260.00	210.00	210.00
Face Value	10	10	10

Other disclosures:

The Equity Shares of GTPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

GTPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further GTPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against GTPL.

KAY CEE ISPAT UDYOG PRIVATE LIMITED ("KCIPL")

The Company was incorporated as Kay Cee Ispat Udyog Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 13, 1987 issued by the Registrar of Companies, Delhi and Haryana with registration number 28908. The Corporate Identification Number of our Company is U74899DL1987PTC028908. The registered office of the Company is situated at B-195, Maharana Partap Enclave, Pitampura New Delhi-110064 India.

The company is incorporated to set up steel furnace and continuous casting and rolling mill plants for producing steel and alloy steel billets. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of KCIPL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Pardeep Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of KCIPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Krishan Chand Gupta	800	2.52
2	Rajeev Gupta	600	1.89
3	Rishva Rani	400	1.26
4	Harsh Goyal	1000	3.15
5	Sanjay Sharma	1100	3.47
6	Vinod Gosain	1200	3.79
7	Ajay Kumar	2100	6.62
8	Babla Gupta	5200	16.40
9	Gurbax Rai	1300	4.10
10	Neeraj	900	2.84
11	Suman Lata	900	2.84
12	S K Beri	800	2.52
13	Aman Kapoor	900	2.84
14	Raj Kumar Chopra	1000	3.15
15	Sunil Gupta	900	2.84
16	Sat Kartar	800	2.52
17	Janardan Prasad Kungta	900	2.84
18	Rajesh Khurana	800	2.52
19	Amrik Singh	1000	3.15
20	Sumitra Nandan	900	2.84
21	Pran Nath	700	2.21
22	Anu Nath	900	2.84
23	Narinder Bajaj	900	2.84
24	Alka Garg	800	2.52
25	Komal Jindal	700	2.21
26	Mohinder Pal Kumra	900	2.84
27	Deepali Saxena	900	2.84
28	Deepak Gupta	300	0.95
29	Pardeep Gupta	400	1.26
30	Joginder Paul (HUF)	700	2.21
31	Simla Rani	400	1.26
32	Sanjay Gupta	600	1.89
	Total	31700	100.00

Brief Audited Financial Information**(₹ In Lacs)**

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	3.17	3.17	3.17
Reserves and Surplus (Excl. Revaluation Reserves)	0.35	0.15	0.14
Misc. Expenditure to the extent not written off	-	-	-
Networth	3.52	3.32	3.31
Total Income	0.03	0.10	0.04
Profit / (Loss) after tax	-0.01	-0.20	-0.01
Earnings per share (₹)	-0.03	-0.63	-0.03
Net Asset Value Per Share (₹)	11.10	10.47	10.44
Face Value	10	10	10

Other disclosures:

The Equity Shares of KCIPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

KCIPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further KCIPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against KCIPL.

MATRY MANGAL BUILDERS PRIVATE LIMITED (“MMBPL”)

The Company was incorporated as Matry Mangal Builders Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated January 10, 1989 issued by the Registrar of Companies, Delhi and Haryana with registration number 34604. The Corporate Identification Number of our Company is U74899DL1989PTC034604. The registered office of the Company is situated at Z-16 1ST Floor, Room no.2 Ioha Mandi, Narnia New Delhi 110064.

The company is incorporated to deal in immovable property. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of MMBPL consists of:

Sr. No.	Name	Designation
1.	Sandeep Gupta	Director
2.	Pardeep Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of MMBPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Tarsem Lal Singla	200	7.41
2	Aarti Gupta	300	11.11
3	Pardeep Gupta	400	14.81
4	Deepak Gupta	200	7.41
5	Krishan Chand Gupta	200	7.41
6	Sandeep Gupta	300	11.11
7	Radhey Shyam Gupta	600	22.22
8	Vidya Wati	500	18.52
	Total	2700	100.00

Brief Audited Financial Information

Particulars	(₹ In Lacs)		
	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	0.27	0.27	0.27
Reserves and Surplus (Excl. Revaluation Reserves)	0.18	0.17	0.17
Misc. Expenditure to the extent not written off	-	-	-
Networth	0.45	0.44	0.44
Total Income	0.02	0.03	0.03
Profit / (Loss) after tax	-0.01	-0.01	-0.01
Earnings per share (₹)	-0.37	-0.37	-0.37
Net Asset Value Per Share (₹)	16.67	16.30	16.30
Face Value	10	10	10

Other disclosures:

The Equity Shares of MMBPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

MMBPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further MMBPL is not under winding up, neither does it have a negative Net Worth. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MMBPL.

MUKESH ALLOYS PRIVATE LIMITED (“MAPL”)

The Company was incorporated as Mukesh Alloys Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated April 12, 1991 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 16 - 11275. The Corporate Identification Number of our Company is U27106PB1991PTC011275. The registered office of the Company is situated at Gill road miller Ganj, Ludhiana, Punjab, India..

The company is incorporated to carry on the business of manufacture, process and deal in high speed steels, stainless alloy steels, etc. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of MAPL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Pardeep Gupta	Director
3.	Deepak Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of MAPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of share capital (%)
1	Rajeev Gupta	300	0.07
2	Tarsem Lal	100	0.02
3	R C Singal	100	0.02
4	Harsh Kumar Goyal	100	0.02
5	Pardeep Gupta	400	0.10
6	Sanjay Gupta	500	0.12
7	Sandeep Gupta	800	0.20
8	Rishva Rani	199	0.05
9	Surinder Kumar Goyal	1	0.00
10	Jay Ambay Knitters Private Limited	400000	99.38
	Total	402500	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	40.25	40.25	40.25
Reserves and Surplus (Excl. Revaluation Reserves)	1.12	0.96	0.96
Misc. Expenditure to the extent not written off	-	-	-
Networth	41.37	41.21	41.21
Total Income	0.09	0.12	0.06
Profit / (Loss) after tax	-0.01	-0.16	-0.01
Earnings per share (₹)	-0.00	-0.04	-0.00
Net Asset Value Per Share (₹)	10.28	10.24	10.24
Face Value	10	10	10

Other disclosures:

The Equity Shares of MAPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

MAPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further MAPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MAPL.

ODEON ENTERPRISES PRIVATE LIMITED (“OEPL”)

The Company was incorporated as Odeon Enterprises Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated January 18, 2006 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh with registration number 29541. The Corporate Identification Number of our Company is U0006PB2006PTC029541. The registered office of the Company is situated at Gill road miller Ganj, Ludhiana, Punjab, India.

The company is incorporated to carry on the import, export, distribution of iron and steel products.

Board of Directors

Currently, the Board of Directors of OEPL consists of:

Sr. No.	Name	Designation
1.	Krishan Chand Gupta	Director
2.	Pardeep Gupta	Director
3.	Deepak Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of OEPL is as follows

Sl. No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1	Renu Bala	9500	7.31
2	Vanita Angula	9000	6.92
3	Vardhaman Chaitanaya Swaroop	9000	6.92
4	Sadhu Ram Bansal	8500	6.54
5..	Vijay Bansal	8500	6.54
6	Simla Devi	9000	6.92
7	Sunil kumar	9000	6.92
8	Dinesh Chander Dixit	7500	5.77
9	RCS financial Technology limited	50000	38.46
10	Krishan Chand Gupta	5000	3.85
11	Pardeep Gupta	2500	1.92
12	Sandeep Gupta	2400	1.85
13	M/s. Krishan Chand Joginder Pal	100	0.08
	TOTAL	130000	100.00

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	13.00	13.00	13.00
Reserves and Surplus (Excl. Revaluation Reserves)	-0.53	4.01	8.40
Misc. Expenditure to the extent not written off	-	-	-
Networth	12.47	17.01	21.40
Total Income	-	5.67	4.53
Profit / (Loss) after tax	-0.14	4.54	4.39
Earnings per share (₹)	-0.11	3.49	3.38

Net Asset Value Per Share (₹)	9.59	13.08	16.46
Face Value	10	10	10

Other disclosures:

The Equity Shares of OEPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

OEPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further OEPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against OEPL.

SMRATI BUILDERS DEVELOPERS PRIVATE LIMITED (“SBDPL”)

The Company was incorporated as Smrati Builders Developers Private Limited under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 20, 1993 issued by the Registrar of Companies, Delhi and Haryana with registration number 55 - 54921. The Corporate Identification Number of our Company is U74899DL1993PTC054921. The registered office of the Company is situated at Z-16 1ST Floor, Room no.2 Ioha Mandi, Narnia New Delhi 110064.

The company is incorporated to carry on the business as builders and developers. However the company has not been carrying on any business activities since incorporation.

Board of Directors

Currently, the Board of Directors of SBDPL consists of:

Sr. No.	Name	Designation
1.	Sandeep Gupta	Director
2.	Deepak Gupta	Director

Shareholding Pattern

As on March 20, 2011, the shareholding pattern of SBDPL is as follows:

Sr. No.	Name of the Shareholders	No. of Shares held	% age of holding
1	Tarsem Singla	800	18.95
2	Gurbax Rai	800	18.95
3	Vinod Gossain	800	18.95
4	Arun Goyal	1800	42.64
5	Deepak Gupta	10	0.24
6	Sandeep Gupta	10	0.24
7	Neeraj Jain	1	0.02
	Total	4221	100.00

Brief Audited Financial Information

Particulars	(₹ In Lacs)		
	31.03.2008	31.03. 2009	31.03.2010
Paid up Equity share Capital	0.42	0.42	0.42
Reserves and Surplus (Excl. Revaluation Reserves)	0.12	0.06	0.06
Misc. Expenditure to the extent not written off	-	-	-
Networth	0.54	0.48	0.48
Total Income	0.03	0.20	0.03
Profit / (Loss) after tax	-0.01	-0.06	-
Earnings per share (₹)	-0.24	-1.43	-
Net Asset Value Per Share (₹)	12.86	11.43	11.43
Face Value	10	10	10

Other disclosures:

The Equity Shares of SBDPL are not listed on any stock exchanges. No action has been taken against the company by any Stock Exchange or SEBI.

SBDPL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further SBDPL is not under winding up, neither does it have a negative Net Worth.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against SBDPL.

Partnership Concern

M/S. KRISHAN CHAND JOGINDER PAL ("KCGP")

KCGP was formed as partnership firm vide original partnership during 1961. The said partnership deed has been modified several times and as per latest partnership deed dated April 01, 2002, the following are the partners and their profit sharing ratio:

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Sandeep Gupta	40%
2.	Poonam Gupta	20%
3.	Simla Rani	20%
4.	Sonia Gupta	20%

The firm is engaged in the business of trading in Iron & Steel.

Brief Audited Financial Information

(₹ In Lacs)

Particulars	31.03.2010	31.03.2009	31.03.2008
Partners Capital	27.68	39.21	44.45
Sales	459.82	1328.24	869.73
Profit / Loss After Tax	2.91	3.13	5.96

Other disclosures:

KCGP does not have a negative Networth. No action has been taken against the firm by any Stock Exchange or SEBI.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against KCGP.

Common Pursuits

Except as disclosed below, none of our Group Companies are in a similar line of business as our Company.

1. Mukesh Steels Limited
2. Mukesh Strips Limited

Business interest of Group Companies

Except as stated in this chapter and chapter titled "Financial Statements- Related Party Transactions" beginning on page 149 of this Draft Red Herring Prospectus, none of our Group Companies/associate companies has any business interest in our Company.

Related Party Transactions

For details pertaining to our related party transactions please refer to 'Annexure XV' beginning on page 149 in the chapter titled "Financial Statements" beginning on page 134 of this Draft Red Herring Prospectus.

Sales or Purchases between Company and the Group Companies

For details of transactions between Company, Promoter Group and Group Companies please refer to chapter titled "Financial Statements-Related Party Transactions" beginning on page 149 of this Draft Red Herring Prospectus.

Disassociated companies

Our promoters have not disassociated with any company during last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Please read the following discussion of our financial condition and results of operations together with the financial statements of our Company as restated for the years ended March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 & March 31, 2010 & the 6 months period ended September 30, 2010, including the notes thereto and reports thereon, prepared in accordance with the Companies Act, 1956.

The following discussion is based on internally prepared statistical information and publicly available information. You are advised to read the section titled "Risk Factors" beginning on page 11, which discusses a number of factors, and contingencies that could affect our financial condition, results of operations and cash flows.

OVERVIEW

The Indian Textile industry is one of the largest and oldest sectors in the country and among the most important in the economy in terms of output, investment and employment. The sector employs nearly 35 million people and after agriculture is the second- largest employer in the country. Its importance is underlined by the fact that it accounts for around 4% of Gross Domestic Product, 14% of industrial production, 9% of excise collections, 18% of employment in the industrial sector, and 16% of the country's total exports earnings. With direct linkages to the rural economy and the agriculture sector, it has been estimated that one of every six households in the country depends on this sector, either directly or indirectly, for its livelihood. India's presence in the International market is significant in the areas of Fabrics and Yarn. India is the largest exporter of yarn in the international market and has a share of 25% in the world cotton yarn exports.

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.

Our Company was originally incorporated on August 24, 1994 as M.S. Finvest Limited and Promoted by Mr. Krishan Chand Gupta, Mr. Pardeep Gupta and Mr. Sandeep Gupta. The Company was registered with the Registrar of Companies with registration number 14976, Punjab, H.P and Chandigarh. The Company made an Initial Public Issue of Equity Shares in 1995 and the shares of the company were listed on the Delhi and Ludhiana Stock Exchange. The Company Was Issued Certificate Of Registration on March, 5,1998 by Reserve Bank of India to carry on the business of Non-Banking Financial Company (loan and investment activities) and in the year of 2008 company applied for cancellation of its NBFC Registration to RBI and get the approval in this regard dated May 26, 2008. The Name of Company was changed to Amit Udyog Limited w.e.f April 19, 1999 and to existing name w.e.f December 14,2001. The company identification number is L65921PB1994PLC014976

The company changed its Name to Amit Udyog Ltd on April 19,1999 (also changed its object clause) to carry out manufacturing and trading activities since financing and other investment activities in which the company was engaged was provided very low return on the capital. In this regard the company passed special resolution under section 61, 17, 21 and other applicable provision of Companies Act.1956 in an extraordinary general meeting held on Friday. March 12,1999. The name of Amit Udyog Ltd was changed to its existing name of Mukesh Udyog Ltd for reason that it was a

group company of Mukesh groups of companies of Ludhiana.

We are an ISO 9001:2000 certified Company engaged in the business of manufacturing of Acrylic, Polyester, Polyester Cotton and Cotton, combed and carded yarns. The yarns produced by our Company are used for made ups in apparels, hosiery & garment industry.

We have current installed capacity of 30,000 spindles for acrylic, cotton blended and polyester yarns. We gradually increased the manufacturing capacities to fulfill the requirements of the domestic markets.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company's objective with regard to internal control and their adequacy has been to safeguard the assets and interest of the Company. Proper policies, procedures, checks and balances bring in discipline in day to day function and determine the accuracy and reliability of Data. The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

HUMAN RESOURCES:

The Management regards the human Resource as its prime source and the contribution from the employees has continuously been harnessed from attainment of corporate goals. A planed management process was pursued to move towards performance-based culture. The Company attached utmost priority to HRD with a focus on knowledge, skill and behavioral aspect to meet the challenges of change.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable law and regulations. Actual result might differ materially from those either expressed or implied.

SIGNIFICANT DEVELOPMENT SUBSEQUENT TO THE LAST FINANCIAL YEAR

The directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial year, which materially and adversely affect or likely to affect the business of our Company, or the value of our assets or our ability to pay our liabilities within the next twelve months.

1. Punjab & Sind Bank vide letter dated 06.October.2010 bearing reference no. ZO/Miller/10-11 had sanction Cash –Credit Limit of ₹ 8.00 Crores & ILC/FLC (DA 180 days) of ₹ 5.00 crores for Steel division.
2. Punjab National Bank vide letter dated 25.February.2011 had enhanced Working Capital Limit from ₹ 7.00 crores to ₹ 15.00 crores and NFB – ILC/FLC- DA/DP/ buyer Credit of ₹ 10.00 crores with overall Ceiling Limit of ₹ 18.00 crores and term loan of ₹ 2.00 crores for Steel division. The documents for enhancement of Working Capital Limit and Term Loan of ₹ 2.00 crores are yet to be executed.
3. State Bank of India vide Sanction Letter dated 09.March.2011 had enhanced the Working Capital Limit from ₹ 15.00 crores to ₹ 23.00 crores. The Bank has also sanctioned Term Loan of ₹ 20.00 crores for which documents are yet to be executed.
4. In the Month of October 2010, Company started with New Steel Plant at VPO Buddhewal, Near Kohara, Tehsil and District Ludhiana, Punjab.

FACTORS AFFECTING OUR RESULTS AND OPERATIONS AND FINANCIAL CONDITIONS

Our business, results of operation and financial condition are affected by number of factors including:

1. General Economic Conditions
2. Company's ability to successfully implement its strategy and its growth and expansion plan
3. Increasing competition in the industry
4. Changes in laws & regulations applicable to the industry, fiscal, economic and political conditions in the economy
5. Realisibility of dues from customers

SIGNIFICANT ITEMS OF INCOME AND EXPENDITURES

Comparison of financials for the last three financial years is as below:

	(₹ in Lacs)			
Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008
Sales & Operational Income	6323.24	12673.10	13811.39	7395.17
Increase / Decrease (%)		-8.24%	86.76%	62.27%
Other Income	37.09	46.88	21.00	29.29
Increase / Decrease (%)		123.31%	-28.31%	1876.14%
Increase / (Decrease) in Stocks	331.14	283.09	173.47	203.49
Increase / Decrease (%)		63.19%	-14.75%	1787.66%
Total Income	6691.47	13003.07	14005.86	7627.95
Increase / Decrease (%)		-7.16%	83.61%	66.93%
Operating & Other Expenses	5806.09	11727.02	12953.42	7077.41
Increase / Decrease (%)		-9.47%	83.02%	68.96%
Interest and Financial Expenses	137.54	291.72	234.38	83.83
Increase / Decrease (%)		24.46%	179.57%	34.72%
Depreciation	247.70	492.86	406.50	167.70
Increase / Decrease (%)		21.25%	142.40%	4.27%
Total Expenditure	6191.33	12511.61	13594.30	7328.95
Increase / Decrease (%)		-7.96%	85.49%	66.12%
Profit Before Tax	500.14	491.46	411.56	299.00
Increase / Decrease (%)		19.42%	37.64%	89.82%
Provision for Tax	158.26	66.44	216.37	95.99
Increase / Decrease (%)		-69.29%	125.41%	29.35%
Profit after Tax	341.88	425.02	195.18	203.01
Increase / Decrease (%)		117.76%	-3.85%	143.69%

Operating Expenditure

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.08
Raw Material Consumed	5248.11	10748.04	12336.68	6664.24
% to Total Income	78.43%	82.66%	88.08%	87.37%
Manufacturing Expenses	425.30	777.28	464.89	322.45
% to Total Income	6.36%	5.98%	3.32%	4.23%
Personnel Expenses	46.74	91.95	79.39	45.35
% to Total Income	0.70%	0.71%	0.57%	0.59%
Administration and Other Charges	20.36	32.95	31.95	25.37
% to Total Income	0.30%	0.25%	0.23%	0.33%
Repair and Maintenance	1.92	8.53	6.91	4.84
% to Total Income	0.03%	0.07%	0.05%	0.06%
Selling and Distributing Expenses	63.66	68.28	33.60	15.18
% to Total Income	0.95%	0.53%	0.24%	0.20%

RESULT OF FINANCIAL PERIOD ENDED ON SEPTEMBER 30, 2010

Income from Operations

Our total income from operations for the Period ended on September 30, 2010 amounted to ₹ 6323.24 Lacs which consist turnover from manufacturing activity of ₹ 2930.27 lacs and from trading activity of ₹ 3392.97 lacs

Other Income

Other income stood at ₹ 37.09 lacs for the period ended on September 30, 2010. Other income as percentage of total income was 0.55 % during the same period

Total Income

Our total Income for the period ended on September 30, 2010 is ₹ 6691.47 lacs

Total Expenditure

The total expenditure of the company consist of Raw Material Consumption, Manufacturing Expenses, Administrative and other charges, Personnel expenses, selling and distribution expenses, Interest and financial expenses and depreciation. The total expenditure was ₹ 6191.33 lacs during the period ended on September 30, 2010 which is 92.53 % of total income of the company.

Raw Material Consumption

The Raw Material Consumption stood at ₹ 5248.11 lacs for the period ended on September 30, 2010. The cost of material as percentage of total income was 78.43% during the same period.

Manufacturing Expenses

The Manufacturing Expenses stood at at ₹ 425.30 lacs for the period ended on September 30,2010. The manufacturing Expenses as percentage of total income was 6.36 % during the same period.

Personnel Expenses

The personnel expenses stood at ₹ 46.74 lacs for the period ended on September 30, 2010. During the same period the Personnel Expenses as percentage of Total income was 0.70%.

Administrative and Other Charges

Administrative and Other Charges stood at ₹ 20.36 lacs for the period ended on September 30, 2010. The Administrative and Other Charges as percentage of total income was 0.30% during the same period.

Selling and Distribution Expenses

Selling and Distribution Expenses stood at ₹ 63.66 lacs for the period ended on September 30, 2010. The Selling and Distribution Expenses as percentage of total income was 0.95% during the same period.

Interest and Financial Expenses

Interest and Financial Expenses stood at ₹ 137.54 lacs for the period ended on September 30, 2010. The Interest and Financial Expenses as percentage of total income was 2.06% during the same period.

Depreciation

Depreciation stood at ₹ 247.70 lacs for the period ended on September 30, 2010. The Depreciation as

percentage of total income was 3.70% during the same period.

Net Profit after Tax

Net Profit after Tax stood at ₹ 341.88 lacs for the period ended on September 30, 2010. The Net profit after tax on the total income considering the stock adjustment was 5.11 % during the same period

RESULT OF FINANCIAL YEAR MARCH 31, 2010 AS COMPARED TO THE RESULT FOR THE YEAR ENDED MARCH 31, 2009

Income from Operations

Our sales for the year ended on March 31, 2010 amounted to ₹ 12673.10 Lacs which consist of Turnover from manufacturing activity of ₹ 5755.80 lacs and from Trading activity of ₹ 6917.30 lacs in comparison to ₹ 13811.39 Lacs for the year ended March 31, 2009 which consist of Turnover from manufacturing activity of ₹ 3337.41 lacs and from Trading activity of ₹ 10473.98 lacs. The income from operation has been reduced by 8.24 % compared to financial year 2009 due to concentration on manufacturing activity and reduction of trading turnover.

Other Income

Other Income increased by 123.31% from ₹ 21.00 lacs for the financial year 2009 to ₹ 46.88 lacs for the financial year 2010. During the FY 2010 the company has received insurance claim of ₹ 12.95 lacs and export incentive of ₹ 26.08 lacs.

Total Expenditure

The total expenditure of the company consist of Raw Material Consumption, Manufacturing Expenses, Administrative and other charges, Personnel expenses, selling and distribution expenses, Interest and financial expenses and depreciation. Our total Expenditure decreased by 7.96 % from ₹ 13594.30 lacs for the financial year 2009 to ₹12511.61 lacs for the financial year 2010 on account of reduction of total income. During the same period total expenditure as percentage to total income is decreased from 97.06% to 96.22 % on account of increase of income from manufacturing activity and reduction of income from trading activity.

Raw Material Consumption

The Raw material Consumption has been decreased by 12.88% from ₹ 12336.68 lacs for the financial year 2009 to ₹ 10748.04 lacs for the financial year 2010. During the same period the Raw material consumption as percentage of total income is decreased from 88.08% to 82.66% on account of decrease in trading turnover and increase of turnover from manufacturing activity.

Manufacturing Expenses

The Manufacturing expenses has been increased by 67.20% from ₹ 464.89 lacs for the financial year 2009 to ₹ 777.28 lacs for the financial year 2010 on account of increase in production and increase in electricity charges. During the same period the manufacturing expenses as percentage to total income is increased from 3.32% to 5.98%.

Personnel Expenses

The Personnel Expenses has been increased by 15.81% from ₹ 79.39 lacs for the financial year 2009 to ₹ 91.95 lacs for the financial year 2010 on account of increase in production. The personnel expenses as percentage to total income during the same period is increased from 0.57 % to 0.71 %.

Selling and Distribution Expenses

The selling and distribution expenses has increased by 103.24% from ₹ 33.60 lacs for the financial year 2009 to ₹ 68.28 lacs for the financial year 2010 on account of more rebate and discount and

increase in freight and cartage charges. During the same period the selling expenses as percentage to total income is increased from 0.24% for FY 2009 to 0.53% for FY 2010.

Interest and Financial Expenses

The Interest and Financial charges has increased by 24.46% from ₹ 234.38 lacs for the financial year 2009 to ₹ 291.72 lacs for the financial year 2010 on account of increase in the term loan and more utilization of working capital limit. The Interest and Financial charges as compared to total income is Increased from 1.67% to 2.24% during the same period.

Depreciation

Depreciation for the financial year 2010 was ₹ 492.86 Lacs as against ₹ 406.50 Lacs for the financial year 2009, showing an increase of 21.25%. The increase in depreciation is due to full year of depreciation on the addition of fixed assets in the last quarter of financial year 2009.

Taxes

Taxes for financial year 2010 were ₹ 66.44 Lacs as against ₹ 216.37 Lacs for the financial year 2009. The decrease in Income tax is recorded as 69.29% in financial year 2010 was on account of the provision of deferred tax asset in the year 2010 as compared to provision of deferred tax Liability in the financial year 2009.

Profit After Tax

Profit After Tax increased to ₹ 425.02 Lacs for the year ended on March 31, 2010 as against ₹ 195.18 Lacs for the year ended on March 31, 2009 registering an increase of 117.76% due to increase in turnover from manufacturing activities which gives better margins. The PAT margin for FY 2010 was 3.27% as against 1.39% for FY 2009.

RESULT OF FINANCIAL YEAR MARCH 31, 2009 AS COMPARED TO THE RESULT FOR THE YEAR ENDED MARCH 31, 2008

Income from Operations

Our sales for the year ended on March 31, 2009 amounted to ₹ 13811.39 Lacs which consist of Turnover from manufacturing activity of ₹ 3337.41 lacs and from Trading activity of ₹ 10473.98 lacs in comparison to ₹ 7395.17 Lacs for the year ended March 31, 2008 which consist of Turnover from manufacturing activity of ₹ 2203.03 lacs and from Trading activity of ₹ 5165.14 lacs. The income from operations increased by 86.76% for the year ended as on 31-03-2009 in comparison to previous year ended as on 31-3-2008.

The income from other sources, including interest income amounted to ₹ 21.00 Lacs for the year ended as on 31-03-2009 in comparison to ₹ 29.29 Lacs for the previous year ended as on 31-3-2008. The Decrease in income from other sources is due to the decrease in Misc. and Interest Income which resulted a decrease of 28.31% as compared to previous year 2007-08.

Total Expenditure

The total expenditure of the company consist of Raw Material Consumption, Manufacturing Expenses, Administrative and other charges, Personnel expenses, selling and distribution expenses, Interest and financial expenses and depreciation. Our total Expenditure increased by 85.49% from ₹ 7328.95 lacs for the financial year 2008 to ₹ 13594.30 lacs for the financial year 2009 on account of increase in trading turnover in the financial year 2009 compared to financial year 2008. During the same period total expenditure as percentage to total income is increased from 96.08% to 97.06 % on account of increase in production

Raw Material Consumption

The Raw material Consumption has been increased by 85.12% from ₹ 6664.24 lacs for the financial year 2008 to ₹ 12336.68 lacs for the financial year 2009 due to increase in trading turnover in financial year 2009 compared to financial year 2008.. During the same period the Raw material consumption as percentage of total income is increased from 87.37% to 88.08% on account of increase in trading turnover and increase of turnover from manufacturing activity.

Manufacturing Expenses

The Manufacturing expenses has been increased by 44.18% from ₹ 322.45 lacs for the financial year 2008 to ₹ 464.89 lacs for the financial year 2009 on account of increase in production and increase in electricity charges. During the same period the manufacturing expenses as percentage to total income is decreased from 4.23% to 3.32%.

Personnel Expenses

The Personnel Expenses has been increased from ₹ 45.35 lacs for the financial year 2008 to ₹ 79.39 lacs for the financial year 2009 on account of increase in operations. The personnel expenses as percentage to total income during the same period is decreased from 0.59 % to 0.57 %.

Selling and Distribution Expenses

The selling and distribution expenses have increased by 121.32% from ₹ 15.18 lacs for the financial year 2008 to ₹ 33.60 lacs for the financial year 2009. During the same period the selling expenses as percentage to total income is increased from 0.20% for FY 2008 to 0.29% for FY 2009.

Interest and Financial Expenses

The Interest and Financial charges has increased by 179.57% from ₹ 83.83 lacs for the financial year 2008 to ₹ 234.38 lacs for the financial year 2009. The Interest and Financial charges as compared to total income is Increased from 1.10% to 1.67% during the same period.

Depreciation

Depreciation for the financial year 2010 was ₹ 492.86 Lacs as against ₹ 406.50 Lacs for the financial year 2009, showing an increase of 21.25%. The increase in depreciation is due to full year of depreciation on the addition of fixed assets in the last quarter of financial year 2009.

Taxes

Taxes for financial year 2009 were ₹ 216.37 Lacs as against ₹ 95.99 Lacs for the financial year 2008 showing an increase of 125.41%.

Profit After Tax

Profit After Tax decreased to ₹ 195.18 Lacs for the year ended on March 31, 2009 as against ₹ 203.01 Lacs for the year ended on March 31, 2008 registering an decrease of 3.85% due to the reasons as discussed above. The PAT margin for FY 2009 was 1.39% as against 2.66% for FY 2008.

Related Party Transactions

For details of related party transactions, please refer to the section titled “Related Party Transactions” beginning on page 149 of this Draft Red Herring Prospectus.

Financial Market Risks

We are exposed to financial market risks from changes in interest rates and inflation.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the outstanding debts, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. We report results in our financial statements in Indian Rupee. The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

Effect of Inflation

We are affected by inflation as it has an impact on the raw material cost, wages, fuel cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:**1. Unusual or infrequent events or transactions.**

There have been no unusual or infrequent transactions that have taken place.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

There are no significant economic changes that may materially affect or 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.

Apart from the risks factors disclosed in this Draft Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

Our Company's future costs and revenues will be determined by demand/supply situation, government policies and availability of raw materials and prices thereof.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Increases in revenues are by and large linked to increases in volume of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Please refer to page 75 'Industry Overview'.

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment, other than through this Draft Red Herring Prospectus.

8. The extent to which business is seasonal.

Our Company's business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers.

Our Company is not significantly dependent on single or few customers or suppliers, however the % of contribution of our Company's customers and suppliers vis – a – vis the total sales and purchases respectively, for the FY 2010 is as follows:

Particulars	Customers	Suppliers
Top 5 (%)	11.50	27.08
Top 10 (%)	17.06	32.73

10. Competitive conditions.

Competitive conditions are as described under the sections titled "Industry Overview" and "Business Overview" on page 75 & 91 respectively of this Draft Red Herring Prospectus.

SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as stated in this Draft Red Herring Prospectus, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoter or companies promoted by our Promoter and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter or Directors. Further, except as stated in this Draft Red Herring Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by the Promoter by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company.

Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated with those litigation(s). Neither our Company nor its Promoter, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

A) LITIGATION AGAINST OUR COMPANY

I. Cases filed against our Company

Civil cases

- a) There is a petition filed by Jai Durga Industries (through Vishal Aggarwal) on March 06, 2010, before the Civil Court judge, Senior Division, Malerkotla, Ludhiana. The suit is filed for recovery of ₹ 31,297/-, including interest of ₹ 3,165/-, on a principal amount of ₹ 28,132/-. The next date of hearing is fixed on August 24, 2011.

II. Cases filed by our Company

Civil cases

- a) There is a petition filed by our Company against Soubhagya Clothing Company before the civil court judge, Senior Division, Ludhiana on March 11, 2010. The suit is for the recovery of an amount of ₹ 2,51,301/-. The petition is yet to be heard and the date of hearing has been fixed on April 19, 2011.
- b) There is a petition filed by our Company against one Mr. Arpit Gupta, before the civil court judge, Senior Division, Ludhiana on September 30, 2008. The suit is for the recovery of an amount of ₹ 19,28,985/-. The next date of hearing is fixed on July 20, 2011.
- c) There is a petition filed by our Company against Gupta Trading Company before the civil court judge, Senior Division, Ludhiana on March 11, 2010. The suit is for the recovery of an amount of ₹ 2,51,301/-. The petition is yet to be heard and the date of hearing has been fixed on April 27, 2011.

Income Tax proceedings

- a) We have filed a petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006, against the search and seizure operations conducted by the Income Tax department. The value surrendered was ₹ 86.35 lacs with a gross income declared of 86.35 lacs and accordingly tax paid was ₹ 4.47 lacs. The petition

has been admitted and is pending for hearing. The matter has been adjourned and the next date of hearing is yet to be fixed.

Claims and notices from statutory authorities

Nil

B) LITIGATION INVOLVING INDIVIDUAL PROMOTERS/DIRECTORS

Civil Cases

I. Cases filed against Promoters/Directors

Nil

II. Cases filed by Promoters/Directors

- a) Mr. Krishan Chand Gupta has filed a petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006, against the search and seizure operations conducted by the Income Tax department. The value surrendered was ₹ 52.50 lacs with a gross income declared of ₹ 52.45 lacs and accordingly tax paid was ₹ 23.69 lacs. The petition has been admitted and is pending for hearing. The matter has been adjourned and the next date of hearing is yet to be fixed.

Claims and notices from statutory authorities

Nil

C) LITIGATION INVOLVING THE PROMOTER AND PROMOTER GROUP COMPANIES

C.1. Mukesh Steels Limited

Criminal cases

- a) A blast/industrial accident had occurred in the factory premises of Mukesh Steels Limited on November 06, 2005. In this context a case is pending against Mr. Ashwani Kumar, then Director (works), (employee of Mukesh Steels Limited) under Section 304A of IPC. The matter has been settled by the company in the Lok Adalat by paying an amount of ₹ 25,000/-, as final settlement. However the matter is still pending with the City Civil court, and the next date of hearing is fixed on May 05, 2011. However the company is not a party to the said case.
- b) A blast/industrial accident had occurred in the factory premises of Mukesh Steels Limited on December 30, 2004. In this context a case was registered against Mr. Ashwani Kumar, then Director (works) Mr. Arun Singh, Manager, Mr. Gurmeet Singh, Manager, and Mr. Vijay Sharma, Manager (all employees of Mukesh Steels Limited) under Section 337, 338, 304A of IPC. The matter has been settled by the company in the Lok Adalat by paying an amount of ₹ 25,000/- as final settlement. However the matter is still pending with the City Civil court, and the next date of hearing is fixed on May 10, 2011. However the company is not a party to the said case.
- c) A blast/industrial accident had occurred in the factory premises of Mukesh Steels Limited on October 24, 2004. In this context a case was registered against Mr. Arun Kuma, Manager, Mr. Rakesh Prasad and Mr. Ram Kishan, (all employees of Mukesh Steels Limited) under Section 338 and 304A of IPC. The matter has been settled by the company in the Lok Adalat by paying an amount of ₹ 1,00,000/- as final settlement. However the matter is still pending with the City Civil court, and the next date of hearing is fixed on March 25, 2011. However the company is not a party to the said case.

Civil cases

I. Cases filed against the Company

- a) A suit for recovery of principal amount of ₹ 1239869/- has been filed against Mukesh Steels Limited by Punjab State Warehousing Corporation. It is alleged that Mukesh Steels Limited had imported 3 containers and that said containers arrived in March, 2000, but did not take delivery of that material causing damages to warehousing corporation. Later they sold the consignment in the open market to recover the cost and after adjusting the sale consideration, they demanded a sum of ₹ 12,39,869/- from Mukesh Steels Limited. The total amount involved is ₹ 12,39,869/-, along with interest @ 18% from January 08, 2003. The next date of hearing is fixed on May 31, 2011.
- b) The company has received summons dated August 25, 2008, from the Civil Court, Senior Division, Faridabad, in the matter of NKS Enterprise. M/s. NKS Enterprise has filed a case for Specific Performance for executing Agreement by the Company, relating to a land transaction between NKS Enterprise and Mukesh Steels Limited. The matter is pending and the next date of hearing is fixed on July 30, 2011.
- c) Swiss Singapore Overseas Limited, a supplier of steel scrap has filed a case against the company in the High Court of Singapore in October 2005, alleging breach of clauses of Sale Purchase agreement. The contract was entered for purchase of 1000 MT heavy melting scrap and the shipment was to be completed by April 2005. A letter of credit was to be established by the company on receipt of certain information from the supplier. Since the information was not received and neither the company was contacted by the supplier within time, the company did not open the letter of credit. Consequently no material was supplied by them and have claimed a sum of USD 72,600 as damages, alleging loss on account of sale of material in the open market. The matter is currently pending.

II. Cases filed by the Company

- a) In continuation of the above matter, the company has filed a plaint in the Court of Civil Judge, Ludhiana, against the allegations levied by Swiss Singapore Overseas Limited and declaring the contract as null. The company has contended that no damages are payable the company. The matter is pending for adjudication and the next date of hearing is fixed on April 09, 2011
- b) There is a case filed by Mukesh Steels Limited (dated January 09, 2009) against Raj Steel & Ferro Alloys Private Limited, Jharkhand. The petition is filed for recovery of an amount of ₹ 4,70,860.12. The matter is pending with Civil Court judge, Senior Division, Ludhiana. The next date of hearing has been fixed at May 18, 2011.

Compliant filed under Section 138 of the Negotiable Instrument Act, 1881

- a) There is a case filed by Mukesh Steels Limited (dated October 29, 2010) against Mr. Surjit Singh, proprietor of Jarnail Auto Industry. The petition is filed under section 138 of the Negotiable Instruments Act, for an amount of ₹ 94,958/-. The matter is pending with Ilaqa Judicial Magistrate, Ludhiana) Civil Court judge, Senior Division Ludhiana and the next date of hearing is fixed on March 31, 2011.

Claims and notices from statutory authorities

Income Tax proceedings

- a) Mukesh Steels Limited has filed a petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006, against the search and seizure operations conducted by the Income Tax department. The value surrendered was ₹ 64 lacs with a gross income declared of ₹ 17 lacs and accordingly tax paid was ₹ 9.21 lacs. The petition has been admitted and is pending for hearing. The matter has been adjourned and the next date of hearing is yet to be fixed.

C.2. Mukesh Strips Limited

Civil cases

I. Cases filed against the Company

- a) The company has received summons dated August 25, 2008, from the Civil Court, Senior Division, Faridabad, in the matter of NKS Enterprise. M/s. NKS Enterprise has filed a case for Specific Performance for executing Agreement by the company, relating to a land transaction between NKS Enterprise and Mukesh Strips Limited. The matter is pending and the next date of hearing is fixed on July 30, 2011.
- b) Swiss Singapore Overseas Limited, a supplier of steel scrap has filed a case against the company in the High Court of Singapore in October 2005, alleging breach of clauses of Sale Purchase agreement. The contract was entered for purchase of 1000 MT heavy melting scrap and the shipment was to be completed by April 2005. A letter of credit was to be established by the company on receipt of certain information from the supplier. Since the information was not received and neither the company was contacted by the supplier within time, the company did not open the letter of credit. Consequently no material was supplied by them and have claimed a sum of USD 72,600 as damages, alleging loss on account of sale of material in the open market. The matter is currently pending.

II. Cases filed by the Company

- a) In continuation of the above matter, the company has filed a plaint in the Court of Civil Judge, Ludhiana, against the allegations levied by Swiss Singapore Overseas Limited and declaring the contract as null. The company has contended that no damages are payable the company. The matter is pending for adjudication and the next date of hearing is fixed on April 27, 2011

Claims and notices from statutory authorities

Income Tax proceedings

- a) Mukesh Strips Limited has filed a petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006, against the search and seizure operations conducted by the Income Tax department. The value surrendered was ₹ 72.06 lacs with a gross income declared of ₹ 18.65 lacs and accordingly tax paid was ₹ 3.96 lacs. The petition has been admitted and is pending for hearing. The matter has been adjourned and the next date of hearing is yet to be fixed.

Central Excise

- a) Mukesh Strips Limited has received a notice no. V (72) 21/D / Ldh II / 12/07/2657 dated June 19, 2007, from Deputy Commissioner, Central excise range, Ludhiana. The notice issued calls as to why Cenvat credit to the tune of ₹ 55,882/- should not be disallowed and why penalty under Rules and section 11 Act of Central excise act 1944 should not be imposed. Submissions in the matter have been made and the matter is pending for hearing.

C.3. Mukesh Alloys Private Limited

Civil cases

I. Cases filed against the Company

- a) Swiss Singapore Overseas Limited, a supplier of steel scrap has filed a case against the company in the High Court of Singapore in October 2005, alleging breach of clauses of Sale Purchase agreement. The contract was entered for purchase of 1000 MT heavy melting scrap and the shipment was to be completed by April 2005. A letter of credit was to be established by the company on receipt of certain information from the supplier. Since the information was not received and neither the company was contacted by the supplier within time, the company did not open the letter of credit. Consequently no material was supplied by them and have

claimed a sum of USD 72,600 as damages, alleging loss on account of sale of material in the open market. The matter is currently pending.

II. Cases filed by the Company

- a) In continuation of the above matter, the company has filed a plaint in the Court of Civil Judge, Ludhiana, against the allegations levied by Swiss Singapore Overseas Limited and declaring the contract as null. The company has contended that no damages are payable the company. The matter is pending for adjudication and the next date of hearing is fixed on April 21, 2011

Claims and notices from statutory authorities

Nil

C.4. Punjab Ispat Private Limited

Civil cases

I. Cases filed against the Company

Nil

II. Cases filed by the Company

Nil

Claims and notices from statutory authorities

- a) Punjab Ispat Private Limited has filed a petition before the Income Tax settlement commission for the block Assessment years 1998-1999 till 2005-2006, against the search and seizure operations conducted by the Income Tax department. The value surrendered was ₹ 7.75 lacs with a gross income declared of ₹ 7.75 lacs and accordingly tax paid was ₹ 5.27 lacs. The petition has been admitted and is pending for hearing. The matter has been adjourned and the next date of hearing is yet to be fixed.

D) PENALTIES IMPOSED IN PAST CASES IN THE LAST FIVE YEARS

There are no other penalties which have been levied on our Company, Promoter, Directors or Promoter Group in last five years, except as mentioned above.

E) AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

The name of Small Scale Undertakings and other creditors to whom our Company owes a sum exceeding ₹ 1 Lac which is outstanding more than 30 days, as on September 20, 2010 is as under:

Sr. No	Name of the party/SSI	Amount (₹)
1	Associated Cones Private Limited	2,94,693
2	Delton Cables Limited	3,62,627
3	Reynand Engineers	3,08,031
4	India Pneumatics & Hydraulics Private Limited	3,41,759
5	Kavitsu Transmission Private Limited	3,88,231
6	Samrat Knit Fabs Private Limited	13,61,167
7	Surya Power Tech & Gears Private Limited	4,13,925
	Total	34,70,433

Material developments occurring after the last Balance Sheet Date

There have been no material developments as regards litigation after the date of the last balance sheet, i.e. September 30, 2010.

Adverse Events

There has been no adverse event affecting the operations of our Company, occurring within one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. Further, except for pending approvals as detailed herein, our Company can undertake all our present activities in view of the present approvals and no further material approvals from any statutory body are required by our Company to undertake the present activities. Except as mentioned in this Section, we have not applied for any licenses/ approvals in relation to the Objects of the Issue.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. Our Board of Directors has, pursuant to a resolution passed at its meeting held on September 03, 2010, authorized the Issue subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, such other authorities as may be necessary.
2. The shareholders of our Company have approved this Issue under section 81 (1A) of the Companies Act, 1956 vide a Special Resolution passed at our Company's Annual General Meeting held on September 30, 2010.
3. In-principle approval for listing from the Bombay Stock Exchange Limited dated [●].
4. In-principle approval for listing from The National Stock Exchange of India Limited dated [●].
5. In-principle approval for listing from Delhi Stock Exchange Limited dated [●].
6. In-principle approval for listing from Ludhiana Stock Exchange Limited dated [●].
7. SEBI's final observation letter no. [●], dated [●].

II. General Approvals

1. Certificate of Incorporation dated August 24, 1994, issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, in the name of M.S. Finvest Limited.
2. Certificate of Commencement of Business dated August 30, 1994, issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, in the name of M.S. Finvest Limited.
3. Fresh Certificate of Incorporation dated April 19, 1999, consequent to change in name of our Company to Amit Udyog Limited.
4. Fresh Certificate of Incorporation dated December 14, 2001, consequent to change in name of our Company to Mukesh Udyog Limited.

III. Business related approvals

We have received the following major approvals pertaining to our business:

A Tax related approvals

1. Issuance of permanent account number, viz. AAACF2314F under the Income Tax Act, 1961.
2. Tax Deduction Account Number JLDM01873E.

3. Central Excise registration number AAACF2314EXM001, dated June 24, 2008, issued by the Deputy Commissioner/ Assistant Commissioner of Central Excise.
4. Allotment of Service Tax Code Number (STC) – STC/R-V/DIV-III/GTA/884/04-05 dated March 21, 2005 issued by the Office of Superintendent of Central Excise and Service Tax for Transport of goods by road.
5. Certificate of registration No. 46984313, issued by the Assessing Authority, under The Central Sales Tax (Registration & Turnover) Rules, 1957.

B General approvals

6. Licence/Registration No. 48(2006), dated July 26, 2006, issued by the Secretariat for Industrial Assistance, Ministry of Commerce & Industry, for Industrial License Yarn: 39744 Spindles
7. The above was modified to Licence/Registration No. 16(2008), dated February 20, 2008, issued by the Secretariat for Industrial Assistance, Ministry of Commerce & Industry, for Industrial License Yarn: 79744 Spindles, Knitted Garment: 4400 MT, Readymade Garment: 50,000 pcs per day.
8. Licence/Registration No. 2780/SIA/IMO/2009, dated March 03, 2009, issued by the Secretariat for Industrial Assistance, Ministry of Commerce & Industry, for manufacturing of Ignots, Billets, Rounds, TMT Bars, Wire Rods, Flats & Structural Steel including Transmission Towers with a capacity of 1,00,000 MT.
9. Certificate of Importer Exporter Code number 3000002235 issued on May 05, 2000 by the Joint Director General of Foreign Trade, Ministry of Commerce, Government of India.
10. Registration-cum-Membership Certificate as Merchant Exporter of EEPC India (Engineering Export Promotion Council) (Membership Code No. M20360) - EPC /J/RMC-3577.
11. Membership registration no. SR/MFG/9971/2005-06 of the Synthetic & Rayon Textiles Export Promotion Council
12. ISO certification no. I/QSC-1678, dated July 10, 2007, issued by Kvalitet Veritas Quality Assurance NS-EN ISO9001:2000 for Quality Management System Certificate for manufacture and supply of yarn and fabrics
13. Agreement entered into between our company and Government of Punjab dated March 14, 2008 for availaig exemptions in case of mega projects. Further, we have also received a revised letter of intent no. CC/JDP/MEGA/MUKESH/5990 dated December 17, 2010 for Mega Project status for both textile division and steel division.

C Labour approvals

14. Registration No. PB/LD/25007, issued by the Employees Provident Fund Organization for registration under the Employees Provident Fund Act.
15. Registration No. 12/44114/15, issued by the Employee State Insurance Corporation for registration under Employees Provident Fund Act

D Factory approvals

16. Registration and Factory License bearing registration no. LDH/3/M-34/500 issued by the Chief Inspector of Factories, Chandigarh, Punjab, valid till December 31, 2011.

E Environmental approvals

17. Consent No. LDH-III/WPC/2008-09/V(2233)2280 dated June 05, 2008, received from Punjab Pollution Control Board, Patiala under Water (Prevention & Control of Pollution) Act, valid till June 04, 2009 (Spinning unit). Renewal application has been filed with the pollution control board vide our application dated February 09, 2011.
18. Consent No. LDH-III/APC/2008-09/V(1403)1611 dated June 05, 2008, received from Punjab Pollution Control Board, Patiala under Air (Prevention & Control of Pollution) Act, valid till June 04, 2009 (Spinning unit). Renewal application has been filed with the pollution control board vide our application dated February 09, 2011.
19. Consent No. ZO-I/LDH/RO-I/APC/2010-11/F-2496, received from Punjab Pollution Control Board, under the provisions of section 21 of the Air (Prevention & Control of Pollution) Act, valid till March 23, 2011 (Steel Unit). Renewal application has been filed with the pollution control board vide our application dated March 21, 2011.
20. Consent No. ZO-1/LDH/RO/WPC/2010-11/F-3456, received from Punjab Pollution Control Board, under the provisions of section 25/26 of the Water (Prevention & Control of Pollution) Act, valid till March 23, 2011 (Steel unit). Renewal application has been filed with the pollution control board vide our application dated March 21, 2011.

On identification and acquisition of the land for the proposed project, our Company will require the following approvals for which the applications will be made in the due course.

Sr. No.	Approval/Consent	Authority
1	Factory License	Chief Inspector Of Factory, Punjab
2	SIA registration	Ministry of Commerce & Industry
3	Consent for Operation of the Plant under Water (Prevention and Control of Pollution) Act, 1974	Punjab Pollution Control Board
4	Consent for Operation of the Plant under Air (Prevention and Control of Pollution) Act, 1981	Punjab Pollution Control Board
5	Application for increase in power load	Punjab State Electricity Board

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of our Company have approved this Issue under section 81(1A) of the Companies Act, 1956 *vide* a Special Resolution passed at our Company's Extra Ordinary General Meeting held on September 30, 2010.

Prohibition by SEBI

Neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are 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.

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.

None of the Directors of the Company are associated with any entities which are engaged in securities market related business and are registered with SEBI.

Prohibition by RBI

Our Company, our Directors, our Promoters, relatives of Promoters (as defined under the Companies Act, 1956) and our group companies have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against the Company or them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 27 of the SEBI (ICDR) Regulations, 2009, which stipulates that 'an issuer may make a further public offer if it satisfies the conditions specified in clauses (d) and (e) of sub-regulation (1) of regulation 26 and if it does not satisfy those conditions, it may make a further public offer if it satisfies the conditions specified in sub-regulation (2) of regulation 26'.

Our Company is satisfying the conditions specified in clauses (d) and (e) of sub-regulation (1) of regulation 26, as under:

- (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;
 - Our Company shall ensure that 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.
 - Our Company has not changed its name in the preceding one year

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, CORPORATE STRATEGIC ALLIANZ LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, CORPORATE STRATEGIC ALLIANZ LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2011, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE THE LEAD MERCHANT BANKER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;
 - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CERTIFY THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ARE 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 SHALL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE SHALL ENSURE THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
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 MODE ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

- b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that Mukesh Udyog Limited and Corporate Strategic Allianz Limited accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that any one, placing reliance on any other source of information would be doing so at his own risk.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Caution

The BRLM accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding dated March 23, 2011, entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

Neither our Company nor the Book Running Lead Manager or any other member of the Syndicate is liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and its associates and affiliates may engage in transactions with, and perform services for, our Company and Promoter Group Entities, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

The BRLM and its respective associates and affiliates may engage in transactions with, and perform services for, the Company and their respective group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in investment banking

transactions and other investment transactions with the Company, for which they have received, and may in future receive, compensation.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ludhiana only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of Bombay Stock Exchange Limited

[•] – will be incorporated after receiving the same

Disclaimer Clause of The National Stock Exchange of India Limited

[•] – will be incorporated after receiving the same

Disclaimer Clause of the Delhi Stock Exchange Limited

[•] – will be incorporated after receiving the same

Disclaimer Clause of the Ludhiana Stock Exchange Limited

[•] – will be incorporated after receiving the same

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department, Division of Issues & Listing of SEBI at their Delhi regional Office situated at: 5th Floor, bank of Baroda Building, 16, Sansad Marg, New Delhi – 110 001. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, situated at Corporate Bhawan, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh – 160 019. The final Prospectus would be filed with the Corporation Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to BSE, NSE, DSE and LSE for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are currently listed on DSE and LSE.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE is taken within the prescribed timeframe as mandated under the SEBI (ICDR) Regulations.

Consents

Necessary consents for the issue have been obtained from the following:

1. Directors of our Company
2. Bankers to our Company
3. Statutory auditors to our Company
4. Book Running Lead Manager to the Issue
5. Legal Advisor to the Issue
6. Registrar to the Issue
7. Company Secretary and Compliance Officer
8. Syndicate Member(s)
9. Underwriter(s)
10. Escrow Collection Banker(s) to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Chandigarh, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Prospectus, for registration with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Chandigarh.

Expert Opinion

Our Company has not obtained any expert opinions.

Expenses of the Issue

The expenses for this Issue include Issue management fees, selling commissions, underwriting commission, printing and distribution expenses, fee payable to other intermediaries, statutory advertisement expenses and listing fees payable to the Stock Exchange, amongst others. The estimated Issue expenses are as under:

(₹ In Lacs)			
Activity	Expenses (₹ In Lacs)	% of Issue Size	% of Issue expenses
Lead Management, Syndicate Fees, Underwriting & Selling commission	[•]	[•]	[•]
Advertisement and Marketing Expenses	[•]	[•]	[•]
Printing and Stationery (including expenses on transportation of the material)	[•]	[•]	[•]
Others (Registrar's Fees, Legal Fees, Filing fees with SEBI and stock exchange, Listing Fees, RoC Charges, travelling and other misc expenses etc.)	[•]	[•]	[•]
Total	[•]	[•]	100.00%

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Equity Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as mentioned in the *Chapter titled "Capital Structure" beginning on page 40 of the Draft Red Herring Prospectus.*

Commission or Brokerage on Previous Issues

Except for our Company's Initial Public Offering which took place during May 1995, for which all the commission and brokerages were paid, no other sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company.

Previous capital issue during the previous three years by listed Group Companies, Subsidiaries and associates of our Company

None of the group companies, associates of the Company has made any capital issue in the last three years, except for our Promoter Company, Mukesh Steels Limited.

Mukesh Steels Limited has come out with a Rights Issue of 43,77,640 equity shares of ₹ 10 each for cash at par to the shareholders of Mukesh Steels Limited in the ratio of 2 equity shares for every one equity share, aggregating ₹ 4,37,76,400. The issue opened on March 10, 2008 and closed on April 08, 2008.

Promise vis-à-vis Performance - Objects of the Issue

Our Company has not made any Public Issue in the past 10 years.

However, as disclosed in the immediately preceding heading, our Promoter Company, Mukesh Steels Limited had come out with a rights issue during the year 2008. The objects of the issue mentioned therein was to augment the long-term working capital, which was deployed during the year 2008-2009, as disclosed in the Letter of Offer.

Listed ventures of Promoters

Other than Mukesh Steels Limited and Mukesh Strips Limited, there are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Prospectus and terms of Issue

Except for 5,80,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each and 26,90,000 2% Non-cumulative Redeemable preference Shares of ₹ 10/- each, which shall be redeemed by March 30, 2023 and March 24, 2028 respectively, there are no outstanding debentures or bonds or other redeemable preference shares and other instruments outstanding as on the date of filing of the Draft Red Herring Prospectus.

Stock Market Data

The existing equity shares of our Company are currently listed on DSE and LSE. However, the same are not being traded, and hence no stock market data is provided.

Mechanism for redressal of Investors' grievance

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. *For further details on this committee, please refer paragraph titled "Shareholders/Investors Grievance Committee" under the Chapter titled "Our Management" beginning on page 110 of the Draft Red Herring Prospectus.* To expedite the process of share transfer, our Company has appointed Skyline Financial Services Private Limited as the Registrar and Share Transfer Agents of our Company.

We have appointed Skyline Financial Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Memorandum of Understanding between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investors' Grievances and Redressal Mechanism

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Ms. Navneet Saharan as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Ms. Navneet Saharan
Mukesh Udyog Limited
VPO Buddhewal, Near Kohara
Tehsil and District Ludhiana
Punjab – 141 010, India.
Tel No: +91 161 284 3425,
Fax No: +91 161 2848742

Email: fpo@mukeshudyog.com
Website: www.mukeshudyog.com

We further confirm that there are no pending investor complaints as on March 22, 2011.

Mechanism for Redressal of Investor Grievances by Listed Companies under the same management within meaning of Section 370(1B) of the Companies Act, 1956

Mukesh Steels Limited and Mukesh Strips Limited are the two listed entities in our group in addition to our Company. Skyline Financial Services Private Limited has been appointed as the Registrar and Share Transfer Agent for the said companies.

As on March 22, 2011, there are no investor complaints pending against Mukesh Steels Limited and Mukesh Strips Limited.

Changes in Auditors during the last three years and reasons thereof

There has not been any change in our statutory auditors during the preceding three years.

Capitalization of Reserves or Profits during last five years

Our Company has not capitalised its reserves or profits at any time since inception, except for the bonus issue, details of whom are given under the heading Capital Structure beginning on page 40 of this Draft Red Herring Prospectus.

Revaluation of Assets during the last five years

Our Company has not revalued its assets any time since inception.

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. *For further details, please refer to Chapter titled “Main Provisions of Articles of Association” on page 240 of the Draft Red Herring Prospectus.*

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Issue Price per Share

The face value of the Equity Shares is ₹ 10 each. The price band is ₹ [•] to ₹ [•] and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value. The Issue Price of ₹ [•] is [•] times the face value. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Compliance with SEBI (ICDR) Regulations, 2009

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, *please refer to Chapter titled "Main Provisions of Articles of Association" on page 240 of the Draft Red Herring Prospectus.*

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [•] Equity Shares. *For details of Allocation and Allotment, please refer to the paragraph titled "Basis of Allotment" beginning on page 230 under Chapter titled "Issue Procedure" beginning on page 205 of the Draft Red Herring Prospectus.*

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Bid/Issue Program

The period of operation of subscription list of public issue:

Bid/Issue opens on: [•]	Bid/Issue closes on: [•]
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Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, *please refer to the Chapter titled "Main Provisions of Articles of Association" on page 240 of the Draft Red Herring Prospectus.*

Option to Receive Securities in Dematerialized Form

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

ISSUE STRUCTURE

The present Issue comprising of 75,00,000 Equity Shares of ₹ 10 each aggregating ₹ [●] Lacs is being made through the 100% Book Building process.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares[#]	Not more than 37,50,000 Equity Shares	Not less than 11,25,000 Equity Shares	Not less than 26,25,000 Equity Shares
Percentage of Issue Size available for allocation	Not more than 50% of the Issue to the public (of which 5% shall be reserved for Mutual Funds) or Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the issue to the public or Issue size less allocation to QIBs and retail individual bidders	Not less than 35% of the issue to the public or Issue size less allocation to QIBs 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 ₹ 2,00,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares.	[●] Equity Shares.
Maximum Bid	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder and in multiples of [●] Equity Shares	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder and in multiples of [●] Equity Shares	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed ₹ 2,00,000 which has to be in multiples of [●] Equity Shares.
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share

Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of ₹ 2500 Lacs and pension funds with minimum corpus of ₹ 2500 Lacs, National Investment Fund in accordance with applicable law, Insurance funds set up and managed by Army, Navy or Air Force of the Union of India and Insurance funds set up and managed by the Department of Posts, India	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding ₹ 2,00,000)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value.
Terms of payment	100% of the Bid amount at the time of submission of Bid cum Application form to the members of the syndicate		

Note: All categories of bidders can apply through ASBA in this issue. In case of Bidders submitting ASBA Bid cum Application Form, the SCSB shall be authorised to block such funds (being 100% of the Bid amount) in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.

Subject to valid Bids being received at or above the Issue Price, this Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, 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 1,87,500 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI (ICDR) Regulations, 2009.

**In case the Bid Cum Application Form/ ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Issue 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.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs.

In case of QIBs, our Company may, in consultation with BRLM, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Any Bidder may participate in this Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

Bidding through ASBA facility is available to all investors including QIBs in all public issues.

The ASBA facility shall be mandatory for non-retail investors (Qualified Institutional Buyers and Non-Institutional Investors) making applications in public / rights issues with effect from May 01, 2011.

Investors should note that Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA process. Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Prices) in the Bid cum Application Form and such options shall not be considered as multiple Bids. The Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding Centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

Bidders can also submit their Bids through the ASBA by submitting ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the

internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the ASBA Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders or Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs and their Sub-Accounts (other than a Sub-Account which is a foreign corporate or a foreign individual), FVCIs, multilateral and bilateral financial institutions and other Non-Residents	Blue
ASBA Bidders bidding through a physical form	White

Who can Bid?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
3. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
4. FIIs registered with SEBI and their sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual, in the QIB Portion;
5. Sub-accounts of FIIs, which are foreign corporates or foreign individuals, in the Non-Institutional Portion;
6. State Industrial Development Corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. National Investment Fund;
9. FVCIs;
10. Multilateral and bilateral development financial institutions;
11. Subject to the applicable laws, provident funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;
12. Subject to the applicable laws, pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;

13. Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
14. VCFs;
15. Mutual Funds;
16. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Regulations and regulations, as applicable);
17. Trusts based in India who are authorised under their constitution to invest in equity shares or societies registered under the Societies Registration Act, 1860, as amended and are authorised to invest in equity shares;
18. Scientific and/or industrial research organisations in India authorised to invest in equity shares;
19. Insurance funds set up and managed by army, navy or air force of the Union of India in accordance with applicable law.
20. All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing regulations, OCBs cannot Bid in the Issue.

Procedure for Bids by Mutual Funds

As per the SEBI Regulations 5% of the QIB Portion have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,87,500 Equity Shares, allocation shall be made to Mutual Funds on a 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.

A separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids will not be treated as multiple Bids, provided that the Bids clearly indicate the individual scheme concerned for which the Bid has been made. Asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are being made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in 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

Bid cum Application Forms (Blue in colour) and the physical ASBA Forms will be made available for Eligible NRIs, at our Registered Office and with the members of the Syndicate. Eligible NRI Bidders should note that only such Bids as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the NRO Account shall use the Bid cum Application form meant for Resident Indians (white in colour). In accordance with the SEBI Regulations, NRIs can subscribe to this Issue under the ASBA process.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), the investment on behalf of each sub-account shall not exceed 10% of our total post issue issued capital or 5% of our total post issue issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 49% of our total issued capital. The said limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the FII Regulations, an FII or its sub-account 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 on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriters, including the BRLM, that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The current VCF Regulations and the FVCI Regulations prescribe investment restrictions on VCFs and FVCIs. Accordingly, as per the current regulations, the following restrictions applicable for VCFs and FVCIs may be noted:

The holding by any individual VCF in one company should not exceed 25% of the corpus of the VCF. An FVCI can invest its entire funds committed for investments into India in one company. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an FPO.

Bids by Insurance Companies

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids without assigning reasons thereof.

Bids made by Provident Funds / Pension Funds

In case of the Bids made by provident funds / pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid without assigning any reason thereof.

Authority to Bid under a Power of Attorney

By limited companies, corporate bodies, registered societies

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or

bye laws must be lodged along with the Bid cum Application Form as applicable. Failing this, our Company reserves the right to reject such Bids without assigning reasons thereof.

By FIIs, FVCIs, VCFs, Mutual Funds

In case of the Bids made pursuant to a power of attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid without assigning reasons thereof.

ASBA Bidders

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject such Bids.

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 or the ASBA Form, subject to such terms and conditions that our Company / the BRLM may deem fit without assigning reasons thereof.

Our 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.

Participation by associates / affiliates of the BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations as stated in the Prospectus. However, associates or affiliates of the BRLM and Syndicate Members may Bid either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

All categories of investors, including associates or affiliates of BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis. Further, affiliates and associates of the Underwriters, including the BRLM, that are FIIs or their Sub-Accounts may issue off-shore derivative instruments against Equity Shares allocated to them in this Issue.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000. Where the Bid Amount is over ₹ 2,00,000, due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders where the Bid Amount does not exceed ₹ 2,00,000, indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 and is a multiple of [•] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under

applicable laws. **Under the SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.**

In case of any revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount in the revised Bids is above ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price.

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

The ASBA facility shall be mandatory for non-retail investors (Qualified Institutional Buyers and Non-Institutional Investors) making applications in public / rights issues with effect from May 01, 2011.

The information in this section is provided only for the benefit of the Bidders. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated herein. Further, our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Draft Red Herring Prospectus.

Bidders are advised to make independent enquiries about the limits applicable to them and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be bid for by them under applicable laws or regulations or as specified in this Draft Red Herring Prospectus.

Refund amounts following a permitted withdrawal or rejection of a Bid shall be paid in the manner described under paragraph titled "Payment of Refund" beginning on page 233 of the Draft Red Herring Prospectus under Chapter titled "Issue Procedure" beginning on page 205 of the Draft Red Herring Prospectus."

Information for the Bidder:

1. Our Company will file the Draft Red Herring Prospectus with the RoC at least three days prior to the Bid/Issue Opening Date.
2. Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on the Draft Red Herring Prospectus from the SEBI, publish a pre-Issue advertisement, in the form prescribed under the SEBI Regulations, in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation. Our Company and the BRLM shall declare the Bid Opening Date, the Bid Closing Date in the Draft Red Herring Prospectus to be filed with the RoC and shall publish the same in two national newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.
3. The BRLM shall dispatch the Draft Red Herring Prospectus and other issue material, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, SCSBs and investors' associations in advance. Any bidder/investor (who is eligible to invest in our Equity Shares) who would like to obtain this Draft Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM, Syndicate Members or their authorised agent(s), as applicable to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than ASBA Form) should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.
6. The Price Band has been fixed at ₹ [•] to ₹ [•] per Equity Share. The Bidders can Bid at any price within the Price Band, in multiples of [•] Equity Shares. In accordance with the SEBI Regulations, our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue period. The cap on the Price Band will 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.
7. In case the Price Band is revised, the Bid/Issue period shall be extended, by an additional three days, subject to the total Bid/Issue period not exceeding 10 Working Days. The revised Price Band and Bid/Issue period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national daily newspapers (one each in English and Hindi) and one regional daily language newspaper, with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

Information specific to ASBA Bidders

1. ASBA Bidders who would like to obtain a copy of this Draft Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches in physical form or in electronic form on the websites of the SEBI, BSE, NSE, BRLM and SCSBs.
2. The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
3. The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.
4. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Draft Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Form and that the same are made available on the websites of the SCSBs.

Method and Process of Bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date in the Draft Red Herring Prospectus to be filed with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation in the place where our Registered Office is situated. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosure requirements as specified under Schedule XIII of the SEBI Regulations.

2. Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue.
3. The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.
4. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Bid/Issue period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLM and advertised at least two working days prior to the Bid/Issue Opening Date.
5. During the Bidding Period, Bidders should approach members of the Syndicate or their authorised agents to register their Bids. The Members of the Syndicate shall accept Bids from the all the Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. ASBA Bidders should approach the SCSBs to register their Bids.
6. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and the requirement to specify the corresponding demand (i.e., the number of Equity Shares). 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.
7. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate or a SCSB, respectively. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB 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 in time prior to finalisation of the 'Basis of Allocation'. However, the Bidder, can revise the Bid through the Revision Form, the procedure for which is detailed Chapter titled "Issue Procedure -Build up of the Book and Revision of Bids" on page 220 of the Draft Red Herring Prospectus.
8. 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 Bid price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.
9. All Bidders will make payment of the entire amount along with the Bid cum Application Form, in the manner described in "– Terms of Payment and Payment into the Escrow Accounts" on page 223 of the Draft Red Herring Prospectus.
10. For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.
11. The Bid Amount shall remain blocked in the ASBA Account until finalization of the 'Basis of Allocation' or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA Account.

12. The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.
13. On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

Bids at different price levels and revision of Price Band

1. The Bidder can Bid at any price within the Price Band, in multiples of Re. 1 (Rupee One).
2. In accordance with the SEBI Regulations, our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period. The Cap Price should not be more than 120% of the Floor Price. The Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least two Working Days before the Bid Opening Date. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one regional daily language newspaper, each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.
3. Our Company shall finalise the Issue Price within the Price Band in consultation with the BRLM, without the prior approval of or intimation to the Bidders.
4. Retail Individual Bidders bidding at a Bid Price, for an amount not exceeding ₹ 2,00,000 may Bid at the Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
5. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-Off Price shall deposit the Bid Amount in the applicable Escrow Accounts based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-Off Price, the Retail Individual Bidders who Bid at Cut-Off Price shall receive the refund of the excess amounts from the respective Escrow Accounts in the manner described under “– *Payment of Refund*” on page 233 of the Draft Red Herring Prospectus.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at the Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 2,00,000 if such Retail Individual Bidders want to continue to bid at the Cut-Off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. In case the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision in the Price Band, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required and such Retail Individual Bidder is deemed to have approved such revised Bid at the Cut-Off Price.
7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-Off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
8. In the event of any revision in the Price Band, whether upwards or downwards, our Company in consultation with the BRLM shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application is in the range of ₹ 5,000 to ₹ 7,000.

9. When a Bidder has revised 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 Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

GENERAL INSTRUCTIONS

Dos:

- (a) 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;
- (b) Ensure that you Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid cum Application Form;
- (d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;
- (e) Ensure that you have collected TRSs for all options in your Bid;
- (f) Ensure that you submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (g) Each of the Bidders, should mention their PAN allotted under the IT Act;
- (h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
- (i) Ensure that the demographic details (as defined in the Chapter titled "Issue Procedure – Bidder's Depository Account and Bank Account Details" on page 216 of the Draft Red Herring Prospectus) are updated, true and correct in all respects;
- (j) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of a member of the syndicate and that the full Bid Amount is paid for the Bids submitted to the Syndicate; and
- (k) The ASBA facility shall be mandatory for non-retail investors (Qualified Institutional Buyers and Non-Institutional Investors) making applications in public / rights issues with effect from May 01, 2011. Qualified Institutional Buyers and Non-Institutional Investors are instructed to apply in the issue only through ASBA.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash, postal order, or by stock invest;

- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;
- (f) QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price;
- (g) Do not Bid such that the number of Equity Shares Bid for exceeds the Issue size and/or the investment limit or the maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
- (h) Do not Bid at Bid Amount exceeding ₹ 2,00,000, for in case of a Bid by a Retail Individual Bidder;
- (i) Do not submit the Bid without the full bid amount;
- (j) Do not mention the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
- (k) Do not Bid for Allotment of shares in physical form.
- (l) Qualified Institutional Buyers and Non-Institutional Investors are instructed not to bid by presenting cheques/Demand Drafts, as w.e.f. May 01, 2011, Qualified Institutional Buyers and Non-Institutional Investors shall be allowed to bid only through the ASBA facility.

ADDITIONAL INSTRUCTIONS FOR ASBA BIDDERS ONLY

DO's:

1. Ensure that you use the ASBA Form specified for the purposes of ASBA.
2. Read all the instructions carefully and complete the ASBA Form.
3. 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.
4. Ensure that your ASBA Form is submitted at a Designated Branch, 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 our Company or the Registrar to the Issue or the BRLM.
5. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. Ensure that you have funds equal to the number of Equity Shares Bid for at the Cap Price available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.
8. Ensure that you have correctly checked the authorisation box in the 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 ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.

10. Ensure that the name(s) given in the 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 Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.
11. The ASBA facility is mandatory for non-retail investors (Qualified Institutional Buyers and Non-Institutional Investors) making applications in public / rights issues with effect from May 01, 2011. Qualified Institutional Buyers and Non-Institutional Investors are instructed to apply in the issue only through ASBA.

DON'Ts:

1. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.
2. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA.
3. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/NECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder will 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/CAN would be mailed to the address of 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 Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers, Escrow Collection Banks, the BRLM nor the Registrar to the Issue shall

be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.

Where no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communication will be addressed to the first Bidder and will be dispatched to his address.

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. The PAN of the first/sole Bidder as furnished in the Bid cum Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Our Company in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Cases where there are more than 20 valid applicants having a common address shall be reported to the Stock Exchanges and other appropriate regulatory authorities such as the SEBI and such Equity Shares will be kept in abeyance post Allotment and will be released on receipt of appropriate confirmation from such authorities.

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same.

Permanent Account Number ("PAN")

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **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.

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”.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Forms or Revision Forms. 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.

Electronic Registration of Bids

- (a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. **The BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them.** It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids

till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.

- (e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- (f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
 - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Price,
 - Bid Amount.
 - Cheque Details.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);
- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

Retail (No sub category)

Non- Institutional – Individual, corporate, others

QIB - Mutual Funds, Financial Institutions, Insurance companies, Foreign Institutional, Investors other than corporate and individual, sub-accounts,

- DP ID and client identification number;
- Beneficiary account number of Equity Shares Bid for;
- Quantity;
- Bid Amount;
- Bank account number;
- Cheque amount; and
- Cheque number.

- (g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/allotted either by the Syndicate or our Company.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (i) In case of QIB Bidders, only the BRLM and their Affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders

and Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 225. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

- (j) The permission given by the Stock Exchange to use the network and software of the online public issue system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
- (k) Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online system during the Bid/Issue Period. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares. After which the data will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar, (which may be based on the physical records of Bid Cum Application Forms) shall be final and binding on all concerned.

Build up of the Book and Revision of Bids

1. Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.
2. The Bidder can Bid at any price within the Price Band in multiples of Re. 1 (Rupee One). 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 up to ₹ 2,00,000/- may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders where the Bid Amount is in excess of ₹ 2,00,000/- and such Bids from QIB Bidders and Non-Institutional Bidders shall be rejected.

3. Bids registered by various Bidders, during the Bidding Period through the members of the Syndicate and SCSBs shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
4. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the bidding period.
5. During the Bid/Issue period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
6. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the 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 complete all 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.

7. The Bidder can make this revision any number of times during the Bid/Issue period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or SCSB through whom the original Bid was placed.
8. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
9. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed ₹ 2,00,000, if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. In case of Retail Individual Bidders who do not revise the Bid or make additional payment, where the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from such Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
10. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts.
11. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
13. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size and the Bid lot shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

Bids and Revisions of Bids for all Bidders

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable.
2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

4. Information provided by the Bidders will be uploaded in the online system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
5. 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 ₹ 2,00,000.
6. Bids by QIBs bidding in the QIB Portion and Non-Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders. QIBs cannot withdraw their Bids after the Bid Closing Date.
7. In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion
8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Non-Residents, including Eligible NRIs and FIIs on repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. In the names of individuals, or in the names of FIIs or FVCIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees in case of Bids by Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, FVCIs etc. on a repatriation basis.
4. Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other eligible Non-Resident Bidders must Bid for a minimum of such number of Equity Shares and in multiples of [•] that the Bid Amount exceeds ₹ 2,00,000. For further details, see the Chapter titled "Issue Procedure - Maximum and Minimum Bid Size" on page 209 of the Draft Red Herring Prospectus.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the rate of exchange prevailing at the time of remittance, 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 NRE Accounts, details of which are received from the Depositories as part of the demographic details of the First Bidder/ sole Bidder. Our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers 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 Eligible NRIs, FVCIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations promulgated under the FEMA, Non Residents such as NRIs (only Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws are allowed to participate in the Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

PAYMENT INSTRUCTIONS

Escrow Accounts shall be opened with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Escrow Mechanism for Bidders other than ASBA Bidders

Escrow Accounts shall be opened with one or more Escrow Collection Banks for collection of application money. The Bidders shall draw the cheque or demand draft in respect of his or her Bid and/or revision of the Bid in favour of the payee detailed under the Chapter titled "Issue Procedure – Terms of Payment and Payment into the Escrow Accounts" on page 223 of the Draft Red Herring Prospectus. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Draft Red Herring Prospectus and the Prospectus.

Bidders should note that the escrow mechanism is neither provided under any law or regulation nor has been prescribed by SEBI. The escrow mechanism has been established as an arrangement amongst our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders and shall be governed by the terms of the Draft Red Herring Prospectus and the Escrow Agreement.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Terms of Payment and Payment into the Escrow Accounts for Bidders other than ASBA Bidders

Each Bidder, shall pay the full bid amount along with the submission of the Bid cum Application Form, draw a cheque or demand draft in favour of the Escrow Accounts of the Escrow Collection Bank(s) and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. **Bid cum Application Forms accompanied by cash or stockinvest or money orders shall not be accepted.**

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of this Issue from the Escrow Account into the Public Issue Account and the balance amount to the Refund

Account(s), as per the terms of the Escrow Agreement, the Draft Red Herring Prospectus and the Prospectus.

The full amount is required to be paid at the time of submission of the Bid cum Application Form.

Payment into Escrow Accounts

1. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for applicable Bid Amount in favour of the Escrow Accounts and submit the same to the members of the Syndicate. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

i.	In case of Resident Bidders	:	Escrow Account – MUL Public Issue – R
ii.	In case of Non Resident Bidders	:	Escrow Account – MUL Public Issue – NR
iii.	In case of Resident QIB Bidders	:	Escrow Account – MUL Public Issue – QIB – R
iv.	In case of Non Resident QIB Bidders	:	Escrow Account – MUL Public Issue – QIB – NR

2. In the case of Bids by Eligible NRIs applying on a 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 NRE Accounts or 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 NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.
3. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by 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 NRE Accounts or 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 Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.
4. In case of Bids by FIIs the payment should be made out of funds held in a 'special rupee account' along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a 'special rupee account'.
5. 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 adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
6. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement, the Draft Red Herring Prospectus and the Prospectus into the Public Issue Account.
8. No later than 10 working days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

9. **Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.**
10. Bidders are advised to mention the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a regional language newspaper each with wide circulation.

As per Regulation 9, sub regulation (3) of (Issue of Capital and Disclosure Requirements), Regulations, 2009, Our Company on the date of filing the Draft offer Document with the Board or on the next day shall make a public announcement in one English National Daily Newspaper, a Hindi national newspaper and a regional language newspaper each with wide circulation at Ludhiana, disclosing to the public the fact of filing of draft offer document with the Board and inviting the public to give their comments to the Board in respect of disclosures made in the draft offer document.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of this Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Right to reject Bids by our Company

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid is less than the Bid amount payable;
2. Bid submitted in the name of the partnership firm instead of the names of the individual partners as no partnership firm shall be entitled to apply in its name;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
4. PAN not mentioned in the Bid cum Application Form;
5. GIR number furnished instead of PAN;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Submission of more than five ASBA Bid cum Application Forms per bank account;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for a number of Equity Shares, which are not in multiples of [•];
12. Multiple Bids as described in the Draft Red Herring Prospectus;
13. Relevant documents not submitted in case of Bids under power of attorney;
14. Bids accompanied by stockinvest / money order / postal order / cash;
15. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details or the details are incomplete;
17. Bid is not registered within the time prescribed and as per the instructions in the Bid cum Application Form, the Issue advertisement or the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus;
18. In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN, the Depository Participant's identity (DP ID) and the beneficiary account number;
19. Bids for amounts greater than the size of the Issue or the maximum permissible investment limits prescribed under the applicable laws and regulations;
20. Bids by QIBs not submitted through members of the Syndicate;
21. Bids by OCBs;
22. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
23. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

24. Bids by persons who are not eligible to acquire Equity Shares in terms of any applicable law, rule, regulation, guideline or approval;
25. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
26. Bids not uploaded in the Book;
27. Bids which do not comply with securities laws at their specific jurisdictions;
28. Bids for allotment of Equity Shares in physical form;
29. Authorisation for blocking funds in the ASBA Account not ticked or provided;
30. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account; and
31. Bids by Qualified Institutional Buyers and Non-Institutional Investors without using the ASBA facility.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE BIDS ARE LIABLE TO BE REJECTED.

Price Discovery and Allocation

1. After the Bid Closing Date, the BRLM will analyse the demand generated including demand generated under the ASBA at various price levels and discuss the pricing strategy with our Company.
2. Our Company, in consultation with BRLM, shall finalise the Issue Price.
3. The allocation for QIBs will not be more than 50% of the Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the Paragraph titled 'Basis of Allotment'.
4. Not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, in a manner specified in the SEBI Regulations and the Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
5. In 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, out of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids.
6. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM and Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 1,87,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

7. Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, we will give the reason thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchange shall also be informed promptly.
8. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allocation'.
9. Allocation to Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, Mutual Funds or FVCIs will be subject to applicable law, rules, regulations, guidelines and the terms and conditions stipulated in approvals, if any, obtained from regulatory authorities such as the SEBI and the RBI.
10. 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.
11. In terms of the SEBI Regulations, QIBs shall not be allowed to withdraw their Bid in the QIB Portion after the Bid/Issue Closing Date.
12. Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
13. The Allotment details shall be put on the website of the Registrar to the Issue.
14. Bids received from ASBA Bidders will be considered at par with Bids received from other Bidders. No preference shall be given to ASBA Bidders vis a vis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allocation' to such valid ASBA Bidders and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members shall enter into the Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the Draft Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects, subject to finalization of the 'Basis of Allocation'.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Issuance of CAN

- (a) 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 before the approval of the 'Basis of Allocation' for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that our Company shall ensure that demat credit of Equity Shares to all investors in this Issue is completed within two Working Days from the date of Allotment.

- (b) The BRLM, the members of the Syndicate or the Registrar to the Issue, as the case may be, will then send a CAN to Bidders who have been allocated Equity Shares in the Issue.
- (c) Bidders including QIB Bidders who have been allocated Equity Shares and who have already paid into the Escrow Accounts at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts.

Issuance of CAN with respect to ASBA Bidders

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:
 - The number of Equity Shares to be allotted against each successful ASBA;
 - The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
 - The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
 - The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB bidding through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

- (b) The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Designated Date and Allotment

- (a). Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 11 Working Days of the Bid/Issue Closing Date.
- (b). In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c). Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

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 fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated May 28, 2008, among NSDL, our Company and the Registrar to the Issue; and
- (b) an agreement dated June 24, 2008, among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid cum Application Form and Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form, Bid Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details available with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Bid Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form or vis-à-vis those recorded with his or her Depository Participant.
7. Trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the Stock Exchange. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange, where our Equity Shares are proposed to be listed, has electronic connectivity with CDSL and NSDL.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders 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 26,25,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 26,25,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of allocation, 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 portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation 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 11,25,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 11,25,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [•] Equity Shares and in multiples of [•] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

C. For QIB Bidders

- Bids received from QIB Bidders bidding in the QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) If Bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis of not less than [•] Equity Shares and in multiples of [•] Equity Share thereafter up to 5% of the QIB Portion.
 - (ii) If the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (b) below.
 - (b) In the second instance allocation to all Bidders shall be determined as follows:
 - (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than [•] Equity Shares and in multiples of [•] Equity Share thereafter.
 - (ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis of not less than [•] Equity Shares and in multiples of [•] Equity Share thereafter along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the Mutual Fund Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in consultation with the Designated Stock Exchange.

Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares

The Issue will be conducted through a “100% Book Building Process” pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bid/Issue period. The Bid/Issue period will commence on [•] and expire on [•]. Following the expiration of the Bid/Issue period, our Company, in consultation with the BRLM, will determine the Issue Price, ‘Basis of Allocation’ and entitlement to Allotment based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid Bid amount for the Equity Shares within a prescribed time. The SEBI Regulations require our Company to complete the Allotment to successful bidders within 8 working days of the expiration of the Bid/Issue 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.

Unblocking of ASBA Account

Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSBs for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the relevant Controlling Branch regarding finalisation of the ‘Basis of Allocation’, in the event of withdrawal or failure of this Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs along with the demand generated by other Bidders, to determine the total demand generated by such Bidders.

Method of proportionate Basis of Allotment

In the event the Issue is oversubscribed, the Allotment shall be as per the basis of Allotment approved by 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 the basis of Allotment is finalised in a fair and proper manner.

Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

- (a) Bidders will be categorised 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) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) 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 will 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 will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

- (e) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above; and
- (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 portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders should note that on the basis of the PAN, 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 the Bidder's bank account details including a nine digit MICR code. 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 credit of refunds to Bidders, as the case may be, at the Bidder's sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers the Syndicate Members, the Escrow Collection Banks, the BRLM nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, would be done through various modes in the following manner:

1. **NECS** – Payment of refunds would be mandatorily done through NECS for applicants having an account at any of centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres referred to above, except where the applicant, being eligible, opts to receive refund through Direct Credit of RTGS.
2. **NEFT** – (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
3. **Direct Credit** – Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.

4. **RTGS** – Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 1 million, have the option to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code (“**IFSC**”) in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Bidder’s bank receiving the credit shall be borne by such Bidder.
5. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched “Under Certificate of Posting” for refund orders of value up to ₹ 1,500 and through Speed Post/Registered Post for refund orders of ₹ 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) which shall be payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 8 working days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice; refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 10 days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed are taken within 11 working days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 11 working days of the Bid/Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders’ instructions for unblocking of the ASBA Bidder’s bank account shall be made within 10 working days from the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% p.a. for any delay beyond the 10 working days time period, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the

clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay (i.e. 10 working days after the Bid/Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Our Company shall ensure that “at par” facility is provided for encashment of refund orders for applications received, other than those received through the ASBA process.

Other than refunds effected through electronic transfer of funds, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, under certificate of posting, and shall dispatch refund orders above ₹ 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 10 working days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 8 working days of the Bid/Issue Closing Date, which shall be completed within one day after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders / instruction to SCSB by the Registrar to the Offer

Allotment of Equity Shares in the Issue, including the credit of allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 11 working days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 10 days after the Bid/Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company

We undertake as follows:

1. that the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. that certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time.
6. that no further issue of securities shall be made till the securities offered through the Draft Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event our Company, in consultation with the BRLM, withdraws the Issue after the Bid/Issue Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the further public offering.

Utilization of Issue proceeds

The Board of Directors of our Company certifies that:

- i) All monies received out of this issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- ii) Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized; and

- iii) Details of all unutilized monies out of the issue of Equity Shares, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;

The BRLM undertakes that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

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, PAN, Bid cum Application Form number, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Bidders/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 the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (Textiles & Steel) is allowed upto 100% under the automatic route.

RBI, *vide* its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell Equity Shares of our Company through a registered broker on the Stock Exchange. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of Equity Shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, 'U.S. persons' (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to 'qualified institutional buyers', as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the 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.

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

The Authorised Capital of our Company is ₹ 20.00 crores divided into 1,48,00,000 Equity Shares of ₹ 10/- each and 52,00,000 Non-Cumulative Redeemable Preference Shares of ₹ 10/- each.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

Title of Article	Article no.	Contents
Company not to purchase its own shares	3	<p>Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of or lent on the security of shares in the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security of otherwise, for the purchase of or in connection with any purchase of or subscription for shares in the Company of which it may, for the time being, be a subsidiary."</p> <p>This Article shall not be deemed to affect the power of the Company, to enforce repayment of loans to members or to exercise a lien conferred by Article</p>
Division of Capital	4.	<p>The Authorised Share Capital of the Company shall be such as mentioned in clause V of the Memorandum of Association of the Company which can be sub-divided, consolidated and increased or decreased with power from time to time to issue by any shares of original capital, with and subject to any preferential, deferred, qualified or special rights, privileges or conditions as may be thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division provided however, that the aforesaid preference shares shall not participate in profits, reserves or surpluses beyond the stipulated rate of dividend.</p>
Issue of new Shares	5.	<p>(a) Subject to the provisions of these articles, the Shares shall be under the Control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such times, either at par or at a premium and for such consideration as the Board thinks fit.</p> <p>Provided that where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, then, subject to the provisions of Section 81 (1A) of the Act, board shall issue such shares in the manners set out in Section 81 (1) of the Act.</p> <p>Provided that the option or right to call of any shares shall not be given to any person, except with the sanction of the Company in General Meeting.</p>
Offer of Rights Shares to be held in abeyance	5(B)	<p>(b) Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by it, the Company shall keep in abeyance in relation to such shares any offer of rights shares.</p>
Return of Allotment	6.	<p>As regards all allotments made from time to time the Directors shall duly comply with Section 75 of the Act.</p>
Redeemable Preference Shares	7.	<p>Subject to the provisions of these Articles, the Company shall have power to issue preference shares carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may subject to the provisions of Sections 80 of the Act, exercise such powers in such manner as may be provided in these Articles.</p>

Commission and Brokerage	8.	The Company may exercise the power of paying commission conferred by Section 76 of the Act and in such case it shall comply with the requirements of that Section. Such commission may be satisfied by the payment in cash or the allotment of fully or partly paid shares or partly in one way and partly in the Other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
Shares at a discount	9.	With the previous authority of a resolution passed by the Company in General Meeting and the sanction of the Company Law Board and upon otherwise, complying with Section 79 of the Act, the Directors may issue at a discount shares of a class already issued.
Instalments on shares to be duly paid	10.	If, by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installment, every such installments, shall when due, be paid to the Company by the person who, for the time being shall be the registered holder of the shares or by his executor or administrator.
Liability of Joint holders of Shares	11.	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.
Trust not recognised	12.	Subject to the provisions of Section 187C of the Act, the Company shall be entitled to treat the registered 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 statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.
Who may to Registered	13.	Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint holders. No shares shall be allowed to or registered in the name of person of unsound mind or a partnership. However, shares may be allotted to a minor through his guardian.
CERTIFICATE	14. (a)	The issue of share certificates and duplicates and the issue of new share certificates on Consolidation or sub-division or in replacement of share certificates which are surrendered for Cancellation due to their being defaced, torn, old, decrepit or worn out or the pages for recording transfers have been utilised or of space for recording-transfers have been utilised or of share certificates, which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof. If any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such list or destroyed certificate in lieu thereof shall be given on the party entitled to the shares to which such lost or destroyed certificate shall relate, provided no fee shall be charged for splitting or consolidation of share certificates in lots of market unit or for issue of new certificate in replacement or those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilized.
Member's right to Certificate	14.(b)	Every member shall be entitled free of charge to one certificate under the common seal of the company for all the shares of each class registered in his name or, if the Board so approves, to several such certificate each for one or more of such shares. Unless the condition of issue of any shares otherwise provide, the Company shall, within three months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letter of acceptance or of renunciation or in cases of issue registration of the transfer of any of its shares. complete and deliver the certificate of such shares). In respect of any shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate shall be sufficient delivery to all such holders.
Member's right to Certificate	14.(c)	Notwithstanding anything contained in Article 14(a) and (b), the Board may in its absolute discretion refuse applications for sub-division or consolidation of Equity Share Certificates into denominations of less than 50 shares except when such sub-division or consolidation is required to be made to comply with a statutory order or an order of a competent Court of Law.
Calls	15.	The Board may, from time, to time, subject to the terms on which any shares may have been issued, and subject to the provisions 91 of the Act, make such calls, as the Board thinks fit, upon the members in respect of all

		moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made repayable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.
Restrictions on powers to make calls	16.	No call shall be made payable within one month after the last preceding call was payable
Notice of call	17.	Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such calls shall be paid.
When interest on call or Instalments payable	18. (a)	If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holders for the time being in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest upon the same at the rate of 12 (Twelve Percent) per annum from the day appointed for the payment thereof to the time of the actual Payment or at such lower rate (if any) as the Board may determine.
	18.(b)	The Board shall be at liberty to waive payment of any such interest either wholly or in part.
Amount payable at fixed times or payable by Installments as calls	19.	If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time or by installments at fixed times, whether on account of the nominal value of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
Evidence in actions by company against shareholders	20.	On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the company in respect of his share, It shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment of call in Advance	21.	The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sum actually called for and upon the money 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 not exceeding, unless the Company in General Meeting shall otherwise direct, 12 per cent per annum as the member paying such sum in advance and the Board agrees upon. But money so paid in excess of the amount of calls shall not rank for dividends or participate in profits, The Board may at any time repay the amount so advanced upon giving to such member not less than three months notice in writing.
Revocation of call	22	A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

Title of Article	Article no.	Contents
If call or installment not paid, Notice may be given	23	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or Installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Form of Notice	24.	The notice shall name a day (not being less than thirty days from the date of notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid,

		The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
If notice not complied with, Share may be forfeited	25.	If the requirement of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or Instalments, Interest and expenses due In respect thereof be, forfeited by a resolution of the Board to that effect.
Notice of Forfeiture	26.	When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid
Forfeited share to become Property of the Company	27.	Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, or otherwise dispose of the same in such manner as it thinks fit.
Power to Annual Forfeiture	28.	The Board may at any time before any share so forfeited shall have been sold, or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.
Liability on Forfeiture	29.	A person whose share has been forfeited shall cease to be a member in respect of the share, but shall, notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the Company all calls, or instalments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture together with interest thereon, from the time of forfeiture, until payment, at 12 (Twelve percent) per annum or at such lower rate as the Board may determine and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
Evidence of Forfeiture	30.	A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares. The person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any Irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
Forfeiture provision to apply to Non-Payment in terms of Issue	31.	The provisions of Articles 23 to 27 hereof shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.
Company's Lien on Shares	32.	The Company shall have a first and paramount lien upon every share (not being a fully paid up share) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for money called or payable at a fixed time in respect of such shares, whether the time for the payment thereof shall have actually arrived or not and, equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared or payable in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.
As to enforcing lien by sale	33.	For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, cuator bonis or other legal representative, as, the case may be and default shall have been made by him or them in the payment of the moneys called or payable at fixed time in respect of such share for thirty days after the

		date of such notice.
Application of proceeds of sale	34.	The net proceeds of the sale shall be received by the Company and shall after payment of costs of such sale be applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable (as existed upon the share before the sale) and the residue shall be paid to the persons entitled to the share at the date of the sale.
Validity of sales in exercise of lien and after forfeiture	35.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the power herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to entered in the Register in respect of the share sold, and the purchaser shall not be bound to see the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Board may issue new certificate	36.	Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue anew certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

Title of Article	Article no.	Contents
Execution of transfer etc.	37.	Save as provided in Section 108 of the Act, no transfer of a share shall be registered 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 has been delivered to the Company together with the certificate, or if no such certificate is in existence, the letter of allotment of the share. The instrument of transfer of any share specifying the name, address and occupation, if any, of the transferee and the transferor shall be deemed to remain the member in respect of such shares until the name of the transferee is entered in the register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible Witness who shall add his address.
Application for registration	38.	Application for the Registration of the transfer of a share may be, made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of a partly paid share be effected unless the Company gives the notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles of 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 the name of the transferee and the conditions as if the application for registration of the transfer was made by the transferee.
Form of transfer	39.	The Instrument of transfer shall be writing in such form as may be prescribed by the Act, and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being in force shall be duly complied with in respect of all transfers of shares and the registration thereof.
Restriction on transfer	40. (a)	Subject to the Provisions of Section 111 of the Companies Act and Section 22A of Securities Contract (Regulation) Act, 1956 and the Securities Contract (Reference to the Company Law Board) Rules, 1986 or any statutory modification thereof for the time being in force, the directors may, at any time, in their own absolute and uncontrolled discretion decline to register or acknowledge any transfer of security, in the event of refusal of the transfer of security, the Directors shall form their reasoned opinion in good faith and make reference to the Company Law Board as and when required in accordance with the provisions of Law. The registration of a transfer shall be conclusive evidence of the approval of the Directors of the Company.
	40(B)	In the event of the instrument of transfer not being proper or not being duly stamped and executed or if the certificate to the security has not

		been delivered to the Company or if any other requirement under the law relating to registration of such transfer has not been Complied with, the Company shall intimate the transferor and the transferee by notice in prescribed form, about requirements under the law which has, or which have to be complied with for securing such registration.
	40(c)	The registration of a transfer shall, however, not be refused on the ground of the transferor being either alone or jointly with any other persons, indebted to the Company, on any account whatsoever, except when the Company has a lien on the security or if any calls or installments due on such security remains unpaid. 40A. Without in any way derogating from the powers conferred on the Board as hereinabove stated, the Board shall in its absolute discretion be entitled to refuse an application for transfer of less than 50 Equity Shares of the Company except in the following cases
		(a) Transfer of the Equity Shares made in pursuance of any provisions of law or statutory order or an order of a competent Court of Law.
		(b) Transfer the entire holding of Equity Shares by an existing Equity Shareholder of the Company holding less than 50 Equity Shares by a single transfer to a single or joint names.
		(c) Transfer of more than 50 Equity Shares in aggregate in favour of the same transferee under two or more transfer deeds out of which one or more relates to the transfer of less than 50 Equity Shares. Provided however that the Board shall be entitled to allow an application for transfer of less than 50 Equity Shares of the Company if in the opinion of the Board, refusal of such application is likely to result in undue hardship or prejudice to any Equity shareholders.
Transfer to Minor etc.	41.	No transfer shall be made to a partnership firm or a person of unsound mind. However, shares may be transferred in the name of a minor through his guardians.
Transfer be left at office and when to be retained	42.	Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share, and the transferee shall (subject to the Board's right to decline to register herein before mentioned) be registered as a member in respect of such share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
Notice of refusal to register transfer	43.	If the Board refuses, whether in pursuance of article 40 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall give notice of the refusal in accordance with the provisions of Section 111 (1) of the Act.
Fee on registration of transfer	44.	No fee shall be charged by the Company for registration of transfer.
Suspension of registration of transfer	45.	Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty five days in the aggregate in any year.
Application of sections 108A to 108D	46.	The Company shall comply with the provisions of Section 108A to 108D of the Act, wherever applicable, in respect of the transfer of shares.
Transmission of registered shares	47.	The executor or administrator of a deceased member (not being one of the several joint-holder) shall be the only person recognised by the Company as having any title to the share registered in the name of such member, and in case of the death of any one or more of the joint-holder of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a grant of Probate or letters of Administration or other general representation, as the case may be, from a Court in India competent to grant it.
As to Survivorship		Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the

		production of Probate or letters of Administration of such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may think fit.
As to transfer of shares to insane, minor, deceased, bankrupt member	48.	Any Committee or curator bonis or a lunatic or guardian of a minor member of any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share, or may Subject to the regulation as to transfer, herein contained transfer such shares.
Election under the Transmission Article	49. (a)	If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
	49. (b)	If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
	49. (c)	All the limitations, restrictions and provisions of these articles relating to the right to transfer and the registration of instruments of a share shall be, applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the members had not occurred and the notice of transfer were a transfer signed by that member.
Rights of persons entitled to shares under the transmission Article	50.	A person so becoming entitled under the Transmission Article to share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 85 and of Section 206 of the Act; be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the shares. Provided that Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

Title of Article	Article no.	Contents
Power to increase capital	51.	The Company may, from time to time by ordinary resolution alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares of such amount and class as may be specified in the resolution.
On what conditions new shares may be issued	52.	Subject to any special rights for the time being attached to any shares in the capital of the Company then issued and to the provisions of Section 81 of the Act, the new shares may be issued upon such terms and conditions, and with such rights attached thereto as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential right to dividends and in the distribution of assets of the Company.
Provisions relating to the Issue	53.	Before the issue of any new shares, the company in General Meeting may subject the provisions of the Act, make provisions as to the allotment and issue of shares and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or at a discount.
Ranking of new shares with existing shares	54.	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 part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.
Inequality in number of new shares	55.	If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new

		shares or any of them amongst the members, such difficulty shall in the absence of any direction in the resolution creating the shares or by the Company in General Meeting, be determined by the Board.
Reduction of Capital etc.	56.	The Company may, from time to time, by special resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by Law. Notwithstanding anything contained in these Articles so long as any money remains due by the Company under or by virtue of any deed of Mortgage executed by the Company in favour of the Corporation no change will be made in the capital or by issue of further shares or otherwise whatsoever save with the previous consent in writing of the Corporation.
Power to subdivide consolidate and convert shares	57.	<p>The company may from time to time, by ordinary resolution</p> <p>(a) Consolidate and divide all or any of its shares capital into shares of larger amount than its existing shares.</p> <p>(b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum 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.</p> <p>(c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of shares so cancelled.</p> <p>(d) Convert all or any of its fully paid shares into stock and reconvert that stock into fully paid shares of any denomination.</p>
Sub-division into Preference and Equity	58.	The resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preferential or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject nevertheless, to the provisions of Section 85, 87, 88 and 106 of the Act.
Surrender of shares	59.	Subject to the provisions of Sections 100 to 105 of the Act, the Board may accept from any member the surrender on such terms and conditions, as shall be agreed of all or any of his shares.
Conversion of shares into stock	60.	<p>The Company may, from time to time, by ordinary resolution,</p> <p>(a) Convert any paid up shares into stock, and</p> <p>(b) Reconvert any stock into paid-up shares of any denomination.</p>
Transfer of stock	61.	The holders of stock may transfer the same or any part thereof in the same manner also and subject to the same regulations under which, the shares from which the stock arise might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Board may from time to time fix the minimum amount of stock transferable, provided that such minimum shall not exceed the nominal amount of the shares from which stock arose.
Rights of Stockholders	62.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at the meeting of the Company, and other matters as they hold the shares from which the stock arose; but not such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on a winding up) Shall be conferred by an amount of stock which would not, existing in shares, have conferred that privilege or advantage.
"Stock" and "Stockholders"	63.	Such of the Articles of the Company (other than relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "Share" and "Shareholder" therein shall include "Stock" and "Stockholder" respectively.

SHARE WARRANTS

Title of Article	Article no.	Contents

Power to issue warrants	64.	Subject to the provisions of Section 114 and 115 of the Act and subject to any directions which may be given by the Company in general meeting, the directors may issue share warrants in such manner and on such terms and conditions as the Board thinks fit. In case of such issue regulations 40 to 43 of Table "A" in Schedule 1 to the Act shall apply.
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MODIFICATION OF RIGHTS

Title of Article	Article no.	Contents
Power to modify rights	65.	The rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may subject to the provisions of Sections 106 and 107 of the Act, and whether or not the Company is being wound up be varied with the consent in writing of the holders of not less than three fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. In every such separate meeting the provisions of these Articles relating to general meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of that class, but so that if at any adjourned meeting of such holders of quorum as above defined is not present those members who are present shall be a quorum and that any holder of share of that class present in person or by proxy may demand a poll, and, on a poll, shall have one vote for each share of the class of which he is the holder.

BORROWING POWERS

Title of Article	Article no.	Contents
Power to borrow	66.	<p>The Board may from time to time, at its discretion, subject to the provisions of Section 58A, 292, 293 and 370 of the Act raise or borrow either from the Directors or Central Government or State Government, Bank, Corporation or any other party or parties and secure the payment of any sum or sums of money for the purpose of the Company. The Board may raise or secure the repayment or payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular by the issue of bonds perpetual or redeemable debentures or debentures stock or any mortgage, 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, and the Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall subject to provisions of Section 310 of the Act, be entitled to receive such payment as consideration for giving guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the Company or upon any of its property or assets or otherwise. Notwithstanding anything contained in these Articles and so long as any money remains due by the Company to the Corporation under or by virtue of any Deed of Mortgage executed by the Company in favour of the Corporation, the following provisions shall have effect:</p> <p>(i) No Directors shall be entitled to receive any payments as consideration for giving any guarantee in respect of loan by the Corporation to the Company.</p> <p>(ii) The Company, the Directors or the Managing Director shall not create, or purport or attempt to create, without the previous consent in writing of the corporation, any charge or mortgage or other encumbrance, in respect of the properties or assets mortgaged and charged in favour of the Corporation or any part thereof or in respect of any of the machinery stores and machinery spares belonging to the Company.</p>

Issue at discount etc. or with special privileges	67.	Any Debentures or debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special rights, as to redemption, surrender, drawing, allotment of shares, appointment of Directors and otherwise, debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person, to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81 (3) of the Act.
Instrument of transfer of debentures	68.	Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company together with the certificate of the debentures.
Refusal to register transfer	69.	Save as provided in Section 108 to 111 to the Act, the provisions of Articles 37 to 50 of the Articles of Association of the Company relating to transfer and transmission of shares etc. shall apply mutatis mutandis to transfer and transmission of Debenture(s)/Bond(s).

GENERAL MEETING

Title of Article	Article no.	Contents
When Annual General Meeting to be held	70.	In addition to any other meetings, Annual General Meetings of the Company shall be held within such intervals as are specified in Section 166(1) read with section 210 of the Act, and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. All other meetings of the Company, shall except in the case of a statutory meeting, be called Extra Ordinary General Meetings, and shall be convened under the provisions of the next following Article.
When Extra Ordinary Meeting to be called	71.	The Directors may, whenever they think fit, call an extra-ordinary General Meeting and an extra ordinary general meeting shall also be held on such requisition or in default may be called by such requisitionists, as provided by Section 169 of the Act. If at any time there are not within India sufficient Directors capable of acting to form a quorum any Director or any two members of the Company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the Directors.
Circulation of members, resolution	72.	The Company shall comply with the provisions of Section 188 of the Act, as to giving notice of resolutions and circulating statements on the requisition of members.
Notice of Meeting	73.	Subject to the provisions of Section 171 and 176(2) of the Act, notice of every meeting of the Company shall be given to such person and in such manner as provided by Section 172 of the Act. Where any business consists of "Special business" as hereinafter defined in article 74, there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act.
Accidental Omission to give notice	74.	The accidental omission to give any such notice to or to the non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of the meeting.

PROCEEDING AT GENERAL MEETING

Title of Article	Article no.	Contents
Business of meetings	75.	The Ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint auditors and fix their remuneration and to declare dividends. All other business transacted at the Annual General Meeting and all business at, any other General Meeting shall be deemed special business.
Quorum to be present when business	76.	No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to

commenced		business. Save as herein otherwise provided five members present in person shall be a quorum.
When quorum not present meeting to be dissolved and when to be adjourned	77.	If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon such requisition as aforesaid shall be dissolved; but In any other case It shall stand adjourned In accordance with the provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.
Resolution to be passed by company in general meeting	78.	Any act or resolution which, under the provisions of these Articles or of the Act, is permitted, or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 189(2) of the Act
Chairman of the meeting	79.	The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take if the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their members being a member entitled to vote, to be the Chairman of the meeting.
How questions to be decided at meetings, casting vote	80.	Every question submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes both on a show of hands and on a poll, the chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.
What is to be evidence of the passing of a resolution where poll not demanded	81.	. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, in the first instance if a poll is not demanded in accordance with the provisions of Section 179 of the Act unless a poll is so demanded, a declaration by the Chairman that the resolution has or has not been carried, or has or has not been carried either unanimously, or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the meeting of the Company shall be conclusive evidence, of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.
Poll	82. (1)	If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at one or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was demanded
	82.(2)	The demand for a poll may be withdrawn at any time by the person or persons who made the demand. .
	82.(3)	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers, one atleast of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to be appointed to scrutinize the votes given on the poll and to report to him thereon.
	82.(4)	On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
	82.(5)	The demand of a poll shall not prevent the continuance at a meeting for the transaction of any business other than the question on which a poll has been demanded.
Power to adjourn General Meeting	83. (1)	The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
	83. (2)	When a meeting is adjourned it shall not be necessary to give any notice

		of an adjournment or of the business to be transacted at an adjourned meeting, if it is adjourned for less than 30 days.
Votes on show of hands and on poll	84.	<p>Subject to the provisions of the Act and particularly of Sections 87, 88, 92(2) and 108D thereof and of these Articles:</p> <p>(1) Upon a show of hands every member holding equity shares and entitled to vote and present (including an attorney or a representative of a body corporate) shall have one vote.</p> <p>(2) Upon a poll the voting right of every member holding equity shares and entitled to vote and presenting person (including a Corporation or Company present as aforesaid) or by attorney or by proxy shall be in the same proportion as the capital paid on that equity share or shares (whether fully paid or partly paid) held by him bears to the total paid up equity capital of the Company.</p> <p>(3) Upon a show of hands or upon a poll, the voting right of every member holding preference shares shall be subject to the provisions, limitations and restrictions laid down in Section</p>
Procedure where a company is member of the company	85.	Where a Company or a body corporate (hereinafter called "Member Company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such Member Company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member Company and certified by him as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the Member Company which he represents, as that Member Company ' could exercise if it were an individual member.
Votes in respect of deceased, insane and insolvent members	86.	Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were a member registered in respect of such shares, provided that forty-eight hours atleast 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 Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof, if any member be lunatic, idiot, or non-composmentis, he may vote whether on a show of hands or a poll by his committee, curator or other legal curator and such last mentioned person may give their votes by proxy.
Members registered jointly	87.	Where there are members registered jointly in respect of anyone share anyone of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto, and if more than one of such members be present at any meeting either personally or by proxy then one of the said members so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall, for the purpose of this Article, be deemed to be members registered jointly in respect thereof.
Votes on a poll	88.	On a poll, votes may be given either personally or by proxy, or in the case of a body corporate by a representative duly authorised as aforesaid.
Instrument appointing proxy to be in writing	89.	An instrument appointing Proxy, whether for a specific meeting or otherwise shall be in either of the forms in Schedule IX to the Act, or a form as near thereto as circumstances admit.
Proxies may be general or special	90.	A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and that the proxy need not be a member of the Company.
Instrument appointing a proxy to be deposited at the office	91.	The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarily certified copy of that power or authority, shall be deposited at the office not less than 48 hours before the time for holding the meeting at which the person named

		in the instrument proposes to vote in respect thereof and in default the instrument of proxy shall not be treated as valid
When the vote by proxy valid authority revoked	92.	A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the Instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given, Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit, of the due execution of an instrument of proxy and that the same has not been revoked.
Form of instrument appointing a proxy	93.	An instrument appointing proxy, whether for a specific meeting or otherwise, shall be in either of the form in Schedule IX to the Act, or a form as near thereto as circumstances admit
Restriction on voting	94.	No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company 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 line.
Admission or rejection of votes	95. (1)	An objection as to the admission or rejection of vote either, on a show of hands, or, on a poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.
	95. (2)	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

Title of article	Article no.	Content
Number of Directors	96.	Subject to Section 259 of the Act the number of Directors of the Company shall not be less than three and not more than twelve.
Company in General Meeting to increase or decrease number of directors	97.	The Company in general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 96.
First Directors	98.	1. SH. KRISHAN CHAND GUPTA 2. SH. PARDEEP GUPTA 3. SH. SANDEEP GUPTA
Nominee Director	99.	Notwithstanding anything to the contrary contained in these Articles, so long as any moneys shall be owing by the Company to Industrial Development Bank of India (IDBI), or Industrial Finance Corporation of India (IFCI), or The Industrial Credit and Investment Corporation of India Limited (ICICI) or Life Insurance Corporation of India (LIC) or Unit Trust of India (UTI), or any other Financing Corporation or Company or Body (hereinafter referred to as "The Corporation"), or so long as the Corporation hold any share/debentures in the Company as a result of subscription or underwriting, or conversion of loan/debenture into equity capital of the Company or so long as any guarantee given by the Corporation in respect of any financial obligation or commitment of the Company remains outstanding, the Corporation shall, pursuant to an agreement between it and they have a right to appoint one or more persons as director(s) on the Board of Directors of the Company (each such director is hereinafter referred to as "the Special Director"). The Special Director shall not be required to hold qualification shares and shall not be liable to retire by rotation. The Corporation may at any time and from time to time remove the Special Director appointed by it and may, in event of such removal and also in the case of death or

		resignation of the Special Director, appoint another in his place and also fill any vacancy which may occur as a result of the Special Director ceasing to hold office for any reason whatsoever. Such appointment or removal shall be made in writing by the Corporation and shall be delivered to the Company at its registered office. The Board of Directors of the Company have no power to remove the Special Director from office. Each such Special Director shall be entitled to attend all general meeting, Board meetings and meetings of the Committee of which he is a member, and he and the Corporation appointing him shall also be entitled to receive notice of all such meetings. The Special Director shall be paid normal fees and expenses to which other Directors are entitled. Provided that if the Special Director nominated by IDBI is an officer of the Reserve Bank of India (RBI) or IDBI, unless IDBI otherwise directs, no sitting fees shall be payable to him but the Company shall reimburse RBI or IDBI as the case may be, the amount paid or payable under its rules to such Special Director on account of travelling and halting allowances and any other expenses for attending any general meeting or any meeting of the Board or Committee.
Share qualification of Directors	100.	Unless otherwise determined by an ordinary resolution in a General Meeting of the Company, a Director of the Company shall not be required to hold any shares as his qualification.
Directors' remuneration, Commission to Directors	101.	The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each Meeting of the Board or a Committee thereof or an adjournment thereof, shall be such sums as may be prescribed by the Act or by Central Government from time to time. The Directors shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending the Board and its Committee meetings or General Meetings or otherwise incurred in the execution of their duties as Director.
Remuneration for Extra Services	102.	If a Director being willing, shall be called upon to perform extra-services or to make any special exertions in going or residing away from his usual place of residence for any of the purposes of the Company or in giving special attention to the business of the company or as a member of a Committee to the Board then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
Vacation of office of Director	103.	The Office of a Director shall ipso facto becomes vacant if at any time he commits any of the acts or sustains any of the disabilities set out in Section 283 of the Act.
Resignation of Directors	104.	A Director may at any time resign his office by notice in writing served on the Company, but such resignation shall be effective only when it is accepted by the Board of Directors at a meeting.
Office of Profit	105.	No Director or other person referred to in Section 314 of the Act shall hold an office or place of profit save as permitted by that Section.
Appointment of Directors as Director of company in which Company is interested	106.	A Director of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.
Conditions under which Directors may contract with Company	107.	Subject to the provisions of Section 297 of the Act neither shall a Director be disqualified from contracting with Company either as vendor, purchaser or otherwise for goods, materials, or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.
Disclosure of	108.	Every Director shall comply with the provisions of Section 299 of the Act

Director's interest		regarding disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.
Discussion and voting by Director interested	109.	Save as permitted by Section 300 of the Act on any other applicable provision of the Act, no Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

Title of Article	Article no.	Contents
Additional Directors	110.	The Board shall have power, at any time and from time to time, to appoint any person as an Additional Director on the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only up to the date of the next Annual General Meeting of the Company and shall then be eligible for re-appointment.
Alternate Directors	111.	The Directors may appoint any person to act as Alternate Director for a Director during the letters' absence for a period of not less than three months from the State in which meetings of Directors are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Directors are ordinarily held or the absent Director vacates office as a Director.
Board may fill up casual vacancies	112.	If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall remain in his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director in accordance with provisions of Section 284 of the Act.
Rotation & Retirement	113.	At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office.
Which Directors to retire	114.	Subject to the provisions of these Articles, the Director 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 become Director on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
Vacancies to be filled in at the General Meeting	115. (1)	At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director, who is eligible for re-appointment.
	115. (2)	A person who is not a retiring Director shall, 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 intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be alongwith a deposit of five hundred rupees which shall be refunded to such person or, as the case may be to such member, if the person succeeds in getting elected as a Director.
Appointment of Managing/Wholetime Director	116. (1)	Subject to the provisions of Section 269, 309, 310,314,316 and 317 of the Act, the Board of Director may from time to time appoint one or more of them as managing or whole time director or director on such remuneration and on such other terms and conditions as the Board may deem fit. The Board may, subject to any contract between such director

		and the Company, remove or dismiss him and appoint another in his place.
	116. (2)	(2) Where the Company enters into contract the appointment of a managing or wholetime director varies any such contract or where the Board passes any resolution appointing such a Director or varies any previous contract or resolution of the Company relating to such appointment, the Company shall send an abstract of the terms of the contract or variation and a memorandum to every member of the Company as required by Section 302 of the Act and shall otherwise comply with the provisions of the said section.
Vacation of office by Managing/Wholetime Director	117. (a)	Subject to the provisions of Section 255 of the Act a Managing Director/Wholetime Director shall not, while he continues to hold that office be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately, cease to be a Managing/Whole time Director if he ceases to hold the office of Director from any cause.
Seniorities of Managing Director	117.(b)	(b) If at any time the total number of Managing Directors is more than one third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purposes of this Article the seniorities of the Managing Directors shall be determined by the date of their respective appointments as Managing Directors by the Board.
Remuneration of Managing or Wholetime Director	118.	Subject to the provisions of Section 198, 309, 310, 311 and 637 AA of the Act, a managing or wholetime director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profit of the Company or partly by one way and partly be the other as may from time to time be determined by a resolution passed by the Company in general meeting.
Powers of Managing or Wholetime Director	119.	Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director/Wholetime Director for the time being, such of the powers exercisable under these presents, by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf, and may from time to time, revoke, withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF DIRECTORS

Title of article	Article no.	Content
Meetings of Directors	120. (1)	The Board shall meet together atleast once in every three calendar months for disposal of business, adjourn and otherwise regulate its meetings and proceedings, as it may think fit.
	120. (2)	Notice of every meeting of the Board shall be given to the Directors in accordance with the provisions of Section 286 of the Act. At least three clear days previous notice in writing shall in all cases be given to the Special Director appointed under Article 99.
Board may act notwithstanding vacancies	121.	The Continuing Directors may act notwithstanding any vacancy in the Board, but, if and so long as their number is reduced below the quorum fixed by the Act, for a meeting of the Board, the continuing director or directors may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose.
	122.	The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If the quorum is not present within fifteen minutes from time appointed for holding a meeting of the Board, the meeting shall be adjourned until

		such date and time as the Chairman of the Board shall appoint. PROVIDED, however, and notwithstanding anything contained in these Articles so long as any money remains due by the Company as mentioned in Article 99, the quorum at a meeting of the Board of Directors of the Company after the appointment of a Special Director under the said Article, shall not be complete unless atleast one of such Directors is present at such meeting provided further that if at any meeting of the Board of Directors duly convened, the Special Director is not present, then not less than one-third of the total strength of Directors (any fraction contained in that one-third being rounded off as one) or two directors, whichever is higher, shall form the quorum. Provided that where at any time the number of interested directors exceeds or is equal to two-third of its total strength, the number of the remaining Directors, that it to say, the number of the Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time
Directors may summon meeting	123.	A Director may, and the secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.
Chairman	124.	The Board may appoint a chairman of its meeting and determine the period for which he is to hold office. If no Chairman is appointed, or if at any meeting of the Board, the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose someone of their number to be the Chairman of such meeting.
Power of Quorum	125.	A meeting of the Board, at which a quorum be present, shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
How question to be decided, casting vote	126.	Subject to the provisions of Section 316 and 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.
Power to appoint committees and to delegate	127.	The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the power so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.
Proceedings of Committee	128.	The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are or not superseded by any regulation made by the Board under the last preceding Article.
When acts of Directors or Committee valid notwithstanding defective appointment etc.	129.	All acts done by any meeting of the Directors, or a committee of Directors, or any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of anyone or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified or had vacated office by virtue of any provisions contained in the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be a Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director has been shown to be invalid or to have terminated.
Resolution of Board Meeting	130.	Save in those cases where a resolution is required by Section 262, 292, 297, 316 and 372(5) and 386 of the Act or any other provisions of the Act to be passed at a meeting of the Board, resolution shall be valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if it is passed by circulation in the manner as provided in Section 289 of the Act.

MINUTES

Title of article	Article no.	Content
Minutes to be made	131. (a)	The Board shall, in accordance with the provisions of Section 193 of the Act, cause Minutes to be kept of proceedings of every General Meeting of the Company and of every meeting of the Board or of every Committee of the Board.
	131. (b)	Any such minutes of proceedings of any meeting of the Board or of any Committee of the Board or of the Company in General Meeting if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the matters stated in such minutes. The minutes book of General Meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11 a.m. and 1.00 p.m. on business days.

POWERS OF THE BOARD

Title of article	Article no.	Content
General powers of Company vested in the Board	132. (a)	Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is Authorised to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made there under including regulations made by the Company in General Meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
Powers to delegate	132.(b)	Without prejudice to the general powers conferred by the preceding Article, the Directors may from time to time and at any time subject to the restrictions contained in the Act, delegate to secretaries, officers, assistants and other employees or other persons any of the powers, authorities and discretions for the time being vested in the Board and the Board may, at any time, remove any person so appointed and may annul or vary such delegation.

LOCAL MANAGEMENT

Title of article	Article no.	Content
Local Managements, Powers of Attorney, Seal for use abroad and foreign registers	133.	The Board may subject to the provisions of the Act, make such arrangements as it may think fit for the Management of the Company's affairs abroad and for this purpose appoint local bodies, attorney and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of Section 50 of the Act and the Official Seal shall be affixed by the authority and in the presence of and the instruments which shall be signed by such persons as the Board shall from time to time by writing under the Seal appoint. The Company may also exercise the powers of Section 157 and 158 of the Act with reference to the keeping of foreign registers.
Directors, etc. may hold office or place of profit	134.	Any director or the other person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under subsidiary of the Company in accordance with and subject to the provisions of the said Section.

Secretary	135.	Subject to the provisions of Section 2 (45) and 383A of the Act, the Board of Directors shall from time to time appoint a whole-time secretary to perform such functions or duties, for such term, on such remuneration and other terms and conditions as the Board may think fit. Any Secretary so appointed may be removed by the Board. A director may be appointed as Secretary, subject to the provisions of Section 219, 309, 310 and 314 of the Act.
Act of Director or Secretary	136.	Any provision of the Act or these Articles requiring or authorizing a thing to be done by the Director or Secretary shall not be satisfied by its being done by the same person acting both as Director and as or in place of the Secretary.

AUTHENTICATION OF DOCUMENTS

Title of article	Article no.	Content
Power to authenticate documents	137.	Save as otherwise provided in the Act, any Director or the Secretary or any person, appointed by the Board for the purpose shall have power to authenticate any document effecting the constitution of the Company and any resolution passed by the Company or the Board and any book, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts there from as true copies or extracts and where any books, records, documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.
Certified copies of resolution of the Directors	138.	A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.

THE SEAL

Title of article	Article no.	Content
Affixing the Seal	139. (1)	The Board shall provided for the safe custody of the seal.
	139. (2)	The Seal of the Company shall never be used except by the authority, previously given by the Board or a Committee of the Board authorised by the Board in that behalf and, save as otherwise required by the Companies (issue of Share Certificate) Rules, 1960 anyone Director or such other person, as the Board may authorise shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.

RESERVES

Title of article	Article no.	Content
Reserves	140.	Subject to the provisions of Section 205(2A) of the Act, the Board of Directors may, from time to time before recommending any dividend, set apart any such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purpose of the company as the Board in its absolute discretion thinks conducive to the interests of the Company any may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares of the

		Company) as it may think fit, and from time to time deal with and very such investment and dispose of all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserves or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.
Capitalisation of Reserves	141. (a)	Any General Meeting may, upon the recommendation of the Board, resolve that any moneys, Investments or other assets forming part of the undivided profits of the Company and standing to the credit of the reserves, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend of representing premium received on the issue of shares and standing to the credit of the Share Premium Account be capitalized amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same Proportions on the footing that they become entitled thereof as capital and that all or any part of such capitalized fund be applied on behalf of such share-holders in paying up in full any unissued shares, debenture stock of the Company which shall be distributed accordingly or towards payment shall be accepted by such share-holders in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
	141.(b)	Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall keep in abeyance in relation to such shares any issue of fully paid up bonus shares in pursuance of Sub-section (3) of section 205 read with Section 206A of the Act.
Distribution of Capital Profits	142.	The Company in General Meeting may at any time and from time to time resolve that any surplus money in the hands of the Company representing capital profits arising from the receipts of money received or recovered in respect of or arising from the realization of any capital assets of the Company, or any investment representing the same instead of being applied in the purchase of other capital assets or for other capital purposes be distributed amongst the equity share holders on the footing that they receive the same as capital and in the same proportions in which they would have been entitled to receive the same if it had been distributed the way of dividend provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid up share capital of the Company for the time being.
	143.	For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend for capitalised fund, and such appointment shall be effective

DIVIDENDS

Title of article	Article no.	Content
How profits shall be divisible	144.	Subject to the right of the members entitled to share (if any) with preferential rights or special rights attached thereto, the profits of the Company, which it shall from time to time, be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company but so that party paid-up

		shares shall only entitle the holder with respect thereof to such proportion of the distribution upon a fully paid-up shares as the amount paid thereon bears to the nominal amount of such shares. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend as from a particular date such shares shall rank for dividend accordingly where capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, rank for dividends or confer a right to participate in profits.
Declaration of Dividends	145.	The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profit of the Company.
Restrictions of amount of dividends	146.	No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.
Interim Dividend	147.	The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
Distribution of dividend within Forty-Two days	148.	All dividends shall be paid, or the warrants in respect thereof shall be posted, within forty-two days from the date of the declaration to any shareholder entitled to the payment of the dividend.
Debts may be deducted	149.	The board may deduct from any dividend payable to any member all sum of moneys, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.
Dividend and Call together	150.	Any General meeting declaring a dividend may make a call on the members of such amounts as the meeting fixed, not exceeding the amount remaining unpaid on the share, but so that the call on such member also does not exceed the dividend payable to him and so that call be made payable at the same time as the dividend payable to him, and in such case the dividend may, if so arranged between the Company and the member, be set off against the call.
Dividend in Cash	151.	No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserve of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.
Effect of Transfer	152.	A transfer of share shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
Payment of interest on Capital	153.	The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorised to do by Section 208 of the Act.
To whom dividend payable	154. (a)	No dividend shall be paid in respect of any share except to the registered holders of such share or to his order or to his bankers but nothing contained in this article shall be deemed to require the bankers of registered shareholders to make separate application to the Company for payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 147.
Transfer of Dividend to special account	154. (b)	Where any instrument of transfer of shares has been delivered to the Company for registered and the transfer of such shares has not been registered by the Company, it shall transfer the dividend in relation to such shares to the special account referred to in Section 205A of the Act unless the Company is authorised by the registered holder(s) of such share in writing to pay such dividend to the transferee specified in such instrument of transfer.
Dividend to joint holders	155	Anyone of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends, bonuses, and other payments in respect of such share.
Notice of Dividend	156.	Notice of any dividends, whether interim or otherwise shall be given to the person entitled to share therein in the manner hereinafter provided.
Payment by post	157.	Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other money payable in cash in respect of share may be paid by cheque or warrants sent through the post to the registered address of the member or in cash of members who are registered address of that one of such member who is first named in the

		register in respect of the Joint-holding or the such person and such address as the member or members who are registered jointly as the case may be, any direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent, The Company shall not be liable or responsible for any cheque, or warrant lost in transmission or for any dividend list to the member or persons entitled thereto by the forged endorsement of any cheque or warrant or fraudulent recovery thereof by any other means.
Unpaid or unclaimed Dividends	158.	No unclaimed or unpaid dividend shall be forfeited by the Company unless the claim thereto becomes barred by Law and the Company shall comply with the provisions of Section 205A of the Act in respect of unpaid or unclaimed dividends,

BOOKS AND DOCUMENTS

Title of article	Article no.	Content
Where to be kept	159.	The books of Account shall be kept at the office or at such other place in India as the Board may, from time to time, decide.

ACCOUNTS

Title of article	Article no.	Content
Circulation of final accounts to the Members	160. (a)	A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' 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 the date of the meeting. A statement containing the salient features of such documents in the prescribed form or the copies of the documents aforesaid as the Company may deem fit, will be sent to every member of the Company and to every Trustee for the holders of any debentures issued by the Company, not less than twenty one days before the date of meeting as laid down on Section 219 of The Companies Act, 1956 and all the rest of the provisions of the section shall apply in respect of the matters referred to in this Article. Provided, however, that the Company shall furnish on demand and free of cost a copy of last balance sheet of the Company and of every document required by law to be annexed or attached thereto, including the Profit & Loss Account and the Auditors' Report to any member, holder of debentures of the Company and any person from whom the Company has accepted a sum of money by way of deposit.
When accounts to be deemed finally settled	160. (b)	Every Balance Sheet and Profit & loss Account, of the Company when audited and adopted by the Company in General Meeting shall be conclusive.

AUDIT

Title of article	Article no.	Content
Audit	161. (a)	Once atleast in every year, the accounts of the Company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet ascertained by the Auditor or Auditors of the Company.
First Auditors	161. (b)	The first Auditor or Auditors of the Company shall be appointed by the Directors within one month of the date of registration of the Company and the Auditor or auditors so appointed shall hold office until the conclusion of the First Annual General Meeting of the Company.
Appointment and remuneration of Auditors	161.(c)	The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting.

Audit of Accounts of Branch	161.(d)	Where the Company has a Branch Office the Provisions of Section 228 of the Act shall apply.
Appointment of Auditors by special resolution	161.(e)	Where not less than twenty-five percent of the subscribed share capital of the Company is held, whether singly or in any combination, by a Public Financial Institution or a Government Company or General or Central Government or any State Government or any other person as referred to in Section 224A of the Act, the appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution.
Right of Auditors to attend General Meeting	161.(f)	All notices of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall also be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.
Auditor's report to be read in General Meeting	161.(g)	(g) The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.
Application of Sec. 244 to 233 of the Act	161.(h)	The appointment, remuneration, rights and duties of auditors of the Company shall be regulated by the provisions of Sections 244 to 233 of the Act.

SERVICE OF NOTICES AND DOCUMENTS

Title of article	Article no.	Content
How notices to be served on members	162. (1)	A notice or other document shall be given or sent by the Company to any member either personally or by sending it by post to his registered address in India or if he has no registered address in India by air mail post to the address outside India supplied to the Company for the giving of notices to him.
Service by post	162. (2)	Where notice or other document is sent by post, (a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notice or documents should be sent to him under a certificate or 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. (b) Such service shall be deemed to have been effected. (i) In the case of a notice a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and (ii) In any other case, at the time at which the letter would be delivered in the ordinary course of post.
	162. (3)	Notwithstanding any provision to the contrary any notice or document to be served on a member who has not given as address in India for service of notice or documents shall be sent to such member by air mail and posted not less than twenty-eight days before the same is to be served as required by the act or these Articles.
Notice to Members who have not supplied address	163.	A notice or other document advertised in a newspaper circulating in the neighborhood of the Office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every members of the Company who has no registered address in India and has not supplied to the Company an address for the Giving of the notices to him.
Notice to joint holders	164.	A notice or other document may be served by the Company on the joint holders of a share by giving the notice to the joint holder named first in the Register in respect of the share.
Notice to persons entitled by Transmission	165.	A notice or other document 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 though the post in prepaid letter addressed to them by name, or by the title or representative of the deceased, or assignee of the insolvent or by any like description, at the address in

		India supplied for the purpose by the persons claiming to be entitled, or until such as address has been so supplied, by giving the notice in any manner in which the same might have been if the death or insolvency had not occurred.
How to be advertised	166.	Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighborhood of the office.
Transferee etc. bound by prior notice	167.	Every person who by operation of law or transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such shares which previous to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
Notice valid through member deceased	168.	Subject to the provisions of Articles 162 to 166 any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his death, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holders thereof and such service shall, for all purposes of these percents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any jointly interested with him in any such share.
How notice to be signed	169.	The signature to any notice to be given by the Company may be written or printed.
Service of process in winding up	170.	Subject to the provisions of Section 497 and 509 of the Act, in the event of a being in Ludhiana shall be bound, within eight weeks after the passing of an effective resolution to wind-up of the Company appointing some house-holder residing in the neighborhood of the office upon whom all summons, notices, process, orders and judgments in relation to or under the winding-up of the Company, may be served and In default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such persons, and upon any such appointee whether appointed by the member of the Liquidator shall be deemed to be good personal service on such member for all purpose and where Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such members by advertisement in some daily newspapers circulating in the neighborhood of the office or by a registered letter sent by post and addressed to such members at the address as registered in the register and such notice shall be deemed to be served on the days on which the advertisement appears or the letter should be delivered in the ordinary course of the post. The provision of this article shall not prejudice the right of the liquidator of the Company to serve any Notice or other document in any other manner prescribed by these Articles.

INSPECTION

Title of article	Article no.	Content
Inspection	171. (a)	The books of account and other books and paper shall be open to inspection by any Director during business hours.
	171.(b)	The Board shall, from time to time, determine whether and to what extent and at what times and place, and under what conditions or regulations the books of account and other books and documents of the Company, other than those refer to in Articles 125(2) and 167 or any of them, shall be open to the inspection of the Member (not being a Director) shall have any right of inspecting any books of account or book or document of the Company except as conferred by law or authorise by the Board or by the Company in General Meeting.
	172.	The books of account and other books and papers of the Company shall be open to inspection during business hours by the registrar or by such officer of Government as may be authorised by the Central Government in this behalf without and previous notice to the Company or any officer thereof.

Reconstruction	173.	On any sale of the undertaking of the Company, the Board or the liquidator on a winding up may if authorise by a special resolution, accept fully paid or partly paid up shares, debentures or securities of any other company incorporated in India, or to the extent permitted by law of a Company incorporated outside India either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the liquidator (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in the trustees for them and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit, or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for valuation of any such securities or properties at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be in the course of being wound up, such statutory rights (if any) under section 494 of the Act as are incapable of being varied or excluded by these articles.
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SECRECY

Title of article	Article no.	Content
Secrecy	174.	Every Director, Secretary, Trustees for the Company, its Members or debenture holders, members of a Committee, servant, officer, agent, accountant, or other person employed in or about the business of the company, shall if so required by the board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transaction of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters, relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duty when required so to do by the board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these articles contained.
No shareholder to enter the premises of the company without permission	175.	No shareholder or other person (not being a Director) shall be entitled to enter upon the properties of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or, subject to Article 165 to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter, whatever which may relate to the conduct of the business of the company and which in the opinion of the board will be in expedient in the interest of the company to communicate.

WINDING-UP

Title of article	Article no.	Content
Distribution of Assets	176.(a)	In the event of the company being wound up, the holders of preference shares, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repayment to them the amount paid-up on the preference shares held by them respectively and payment of arrears of dividend up to the commencement of the winding up, whether declared or not, but shall not be entitled to any further participation in such surplus assets. If the surplus available as aforesaid shall be insufficient to repay the whole of the amount paid on the preference shares and any arrears of dividend on such assets shall be distributed amongst the holders of preference shares in proportion to the capital paid up or which ought to have been paid up thereon and the arrears of dividend as aforesaid.
	176.(b)	If the company shall be wound up and the assets available for distribution amongst the member as such after payment to the

		<p>preference shareholders as aforesaid shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in the winding up the assets available for distribution among the member after payment to the preference shareholders as aforesaid shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid up, upon the shares held by them respectively.</p>
	176.(c)	<p>This Article is to be valid without prejudice to the rights and privileges amongst the holders of preference shares of different series or shares issued upon special terms and conditions.</p>
	177.	<p>If the Company shall be wound up, whether voluntarily or otherwise the liquidators may, with sanction of a special resolution, divide amongst the contributories, in specie or kind or, any part of the assets of the Company and may, with like sanction, vest any part of the assets of the company in trustees upon such trusts for the benefits of the contributories, or any of them, as the liquidator, with the like sanction, shall think fit.</p>
INDEMNITY	178.	<p>Subject to the provisions of section 201 of the Act every Director, Managing Director, Manager; Secretary or Officer of the Company or any person (Whether an officer of the company or not) employed by the company and any person appointed as auditor shall be indemnified out of the funds of the company against all liability incurred by him as such Director, Manager, Secretary, Officer, Employee or auditor in defending any proceeding, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under section 633 of the Act in which relief is granted to him by the Court</p>

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at VPO Buddhewal, Near Kohara Tehsil and District Ludhiana, Punjab, India - 141 010, on working days from the from date of filing the Draft Red Herring Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated March 23, 2011 between our Company and the BRLM, Corporate Strategic Allianz Limited.
2. Memorandum of Understanding dated February 18, 2011, between our Company and Skyline Financial Services Private Limited.
3. Tripartite Agreement dated May 28, 2008, among our Company, NSDL and Skyline Financial Services Private Limited.
4. Tripartite Agreement dated June 24, 2008, among our Company, CDSL and Skyline Financial Services Private Limited.
5. Escrow Agreement dated [●] between our Company, the BRLM, Syndicate Members, Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between our Company, BRLM, and the Syndicate Members.
7. Underwriting Agreement dated [●] between our Company, BRLM, and the Syndicate Members.

MATERIAL DOCUMENTS

5. Our Memorandum and Articles of Association of our Company, as amended.
6. Copy of Certificate of Incorporation dated August 24, 1994, issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, in the name of M.S. Finvest Limited.
7. Copy of Certificate of Commencement of Business dated August 30, 1994, issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, in the name of M.S. Finvest Limited.
8. Copy of Fresh Certificate of Incorporation dated April 19, 1999, consequent to change in name of our Company to Amit Udyog Limited.
9. Copy of Fresh Certificate of Incorporation dated December 14, 2001, consequent to change in name of our Company to Mukesh Udyog Limited.
10. Shareholders resolution dated September 30, 2010, and the resolution of the Board dated September 03, 2010, authorising the Issue under section 81(1A) of Companies Act, 1956
11. Resolution passed by the Board of Directors dated March 28, 2011, [●], [●] approving the Draft Red Herring Prospectus, Red Herring prospectus and the Prospectus.
12. Agreement dated October 01, 2009 appointing Mr. Pardeep Gupta as our Managing Director.

13. Reports of the Statutory Auditors, M/s. Gupta Vinod Kumar & Associates, Chartered Accountants, dated March 20, 2011, regarding restated financials of the Company for the years ended March 31, 2006, 2007, 2008, 2009 and 2010 and for the 6 months period ended September 30, 2010.
14. Copy of Certificate dated March 23, 2011, from the Statutory Auditors, M/s. Gupta Vinod Kumar & Associates, Chartered Accountants, detailing the tax benefits.
15. Copy of the Certificate from the Statutory Auditors, M/s. Gupta Vinod Kumar & Associates, Chartered Accountants, dated March 23, 2011, regarding the sources and deployment of funds as on March 23, 2011.
16. Consents in writing from our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to our Company, Bankers to the Issue & Refund Banker, Book Running Lead Manager, Co-Book Running Lead Manager, Syndicate Member(s), Underwriter(s), Registrar of the Issue, Legal Advisor to the Issue to act in their respective capacities.
17. Due diligence certificate dated March 28, 2011, to SEBI from the BRLM.
18. Copies of listing applications dated [•], filed with the BSE, NSE, DSE and LSE.
19. Copies of In-principle listing approvals received from BSE, NSE, DSE and LSE dated [•], [•], [•] and [•] respectively.
20. SEBI observation letter no. [•] dated January [•].
21. Reply by BRLM dated [•], for the above SEBI observation letter.

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 the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XII - DECLARATION

We, the Directors of our Company, hereby declare that, all relevant provisions of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009 and the guidelines issued by the Government of India as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or regulations made thereunder, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

Mr. Krishan Chand Gupta
Chairman

Mr. Pardeep Gupta
Managing Director

Mr. Sandeep Gupta
Director

Mr. Ashok Gupta
Independent Director

Mr. Sanjiv Mohan
Independent Director

Ms. Reecha Gupta
Independent Director

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER AND CFO

Ms. Navneet Saharan

Place: Ludhiana

Date: March 28, 2011