



PROSPECTUS

KAMDHENU ISPAT LIMITED

(Incorporated as Kamdhenu Ispat Limited on 12th September 1994 with the Registrar of Companies, Rajasthan, Jaipur and obtained Certificate for Commencement of Business on 29th December, 1994. The Company has shifted its Registered Office from the state of Rajasthan to Delhi w.e.f. 2nd March, 2005)

Registered Office: 5/2, Punjabi Bagh Extn, New Delhi – 110026.

Tel.: 91- 11- 25223404/05/06/07/08. Fax: 91- 11- 25226893.

Email: Kamdhenu@nda.vsnl.net.in Website: www.kamdhenuispat.com

Contact Person : Mr. Arvind Gupta, Company Secretary

PUBLIC ISSUE OF 1, 28,00,000 EQUITY SHARES OF Rs. 10/- EACH ISSUED FOR CASH AT A PRICE OF Rs. 25/- (INCLUDING PREMIUM OF Rs. 15/- PER SHARE) AGGREGATING Rs. 3200 LACS (HEREINAFTER REFERRED TO AS "ISSUE"). THE ISSUE WOULD CONSTITUTE 67.33% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

THERE WILL ALSO BE A GREEN SHOE OPTION OF 13, 68,795 EQUITY SHARES TO BE OFFERED FOR CASH AT A PRICE OF Rs. 25/- PER EQUITY SHARE AGGREGATING Rs. 342.20 LACS. THE ISSUE AND THE GREEN SHOE OPTION AGGREGATE Rs. 3542.20 LACS. THE ISSUE WILL CONSTITUTE 67.33% OF THE FULLY DILUTED POST-ISSUE CAPITAL OF OUR COMPANY ASSUMING THAT THE GREEN SHOE OPTION IS NOT EXERCISED AND 69.52 % ASSUMING THAT THE GREEN SHOE OPTION IS EXERCISED IN FULL.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Kamdhenu Ispat Limited (the "Company"), there has been no formal market for the shares of the Company. **The face value of the shares of the Company is Rs.10/- per share and the Issue Price is 2.5 times of the face value of the shares of the Company.** The issue price (as has been determined and justified by the Lead Manager and Kamdhenu Ispat Limited as stated herein under the section "Basis of Issue price" given on page no. 27 to 28 of this Prospectus) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment 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 offering. 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 offered in the Issue 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. **The issue is not graded by any Credit Rating Agency.** Specific attention of the investors is invited to the statement of Risk Factors on Page No. vii to xvi of the Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Kamdhenu Ispat Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this Prospectus is true and correct in all material respects 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

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange and The National Stock Exchange of India Ltd. (NSE). The In-principle approvals have been received from these Stock Exchanges for listing of the Equity Shares vide BSE's letters dated January 19, 2006 and NSE's letter dated February 23, 2006 respectively.

LEAD MANAGER TO THE ISSUE



Chartered Capital And Investment Limited
13, Community Centre, East of Kailash,
New Delhi – 110065,
Tel: 91-11-26472557, 26218079, and 26218274.
Fax: 91-11-26219491
Email: kamadhenuipo@charteredcapital.net

REGISTRARS TO THE ISSUE



Karvy Computershare Private Limited
Karvy House, 46, Avenue 4,
Sreet No. 1, Banjara Hills,
Hyderabad- 500 034.
Tel: 91-40-2331 2454/23320251/751
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ISSUE PROGRAMME

ISSUE OPENS ON: MONDAY 3RD APRIL, 2006

ISSUE CLOSSES ON : SATURDAY 8TH APRIL, 2006

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DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“Kamdhenu” or “the Company” or “our Company” or “KIL”	Kamdhenu Ispat Limited., a public limited company incorporated under the Companies Act, 1956.
“we” or “us” or “our” or “Issuer”	Kamdhenu Ispat Limited

Issue Related Terms

Term	Description
Applicant	Any prospective investor who makes an application for Equity shares in terms of this prospectus.
Application Form	The form in terms of which the investor shall apply for the Equity Shares of the Company.
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Articles/Articles of Association	Articles of Association of our Company.
Auditors	S. Singhal & Co., Chartered Accountants.
Banker(s) to the Issue	Kotak Mahindra Bank, HDFC Bank, HSBC Bank and ICICI Bank
Board of Directors/Board	The board of directors of our Company or a duly constituted committee thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of Kamdhenu Ispat Limited, unless otherwise specified.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
Financial year /fiscal / FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated.
Green Shoe Option	An option to lead manager and the Company in consultation with the Stabilising Agent, to allocate Equity Shares in excess of the Equity Shares included in Public Issue and operate a post –listing price stabilisation mechanism in accordance with Chapter VIII- A of SEBI guidelines, which is granted to a Company to be exercised through a Stabilising Agent
Green Shoe Option Portion	The portion of the Issue being upto 13, 68,795 Equity Shares aggregating Rs.342.20 lakhs, if exercised in full
GSO Bank Account	The bank account opened by Stabilising Agent under the Stabilising Agreement, on the terms and conditions thereof
GSO Demat Account	The demat account opened by the Stabilising Agent under the Stabilising Agreement, on the terms and conditions thereof
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Issue of 1, 28, 00, 000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 15/- per equity share for cash, aggregating to Rs. 3200 Lacs
Issue Price	Rs. 25/- per Equity Share including premium of Rs. 15/- each.

Term	Description
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account on the Designated Date.
Lead Manager/ Lead manager to the Issue	Being the Lead manager appointed for this issue, in this case being Chartered Capital And Investment Limited
MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003 as amended.
Memorandum / Memorandum of Association	The memorandum of association of our Company.
Non-Residents	Non-Resident is a person resident outside India, as defined under FEMA.
NRI / Non-Resident Indian	Non-Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as described in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
Over Allotment of Shares	The Equity Shares allotted pursuant to the Green Shoe Option
Prospectus	The prospectus, filed with the ROC containing, inter alia, the Issue Price , the size of the Issue and certain other information.
Registered Office of the Company	5/2 Punjabi Bagh Extension, New Delhi 110026
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
Stabilising Agent or SA	Chartered Capital and Investment Limited
Stabilisation Agreement	Agreement entered into by the Company, The Green Shoe Lender and the Stabilising Agent dated November 14, 2005 in relation to the Green Shoe Option
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue, and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent
Stock Exchanges	BSE and NSE.

Industry Related Terms

CRC	Cold Rolled Coils
C.I Moulds	Cast Iron Moulds
CTD Bars	Cold Twisted Deformed Bars
GP	Galvanized pipes
HRC	Hot Rolled Coil
HSD Bars	High Strength Deformed Bars
MBF	Mini Blast Furnace
MS	Mild Steel
MT/ TPA	Metric Ton/ Tonne Per Annum
PCD	Pitch Circle Diameter
POP	Plaster of Paris
SS Bars	Stainless Steel Bars
SS Pipes	Stainless Steel Pipes
TMT Bars	Thermo Mechanically Treated Bars

Abbreviations

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
bn	Billion
CAGR	Compound Annual Growth Rate
CCPS	Convertible Cumulative Preference Shares
CDSL	Central Depository Services (India) Limited
CRM	Centre De Rechercher Metallurgiques, Belgium
Delhi High Court	High Court of Judicature at Delhi
EGM	Extraordinary General Meeting
EPS	Earnings per share
ESI	Employee State Insurance
FCNR Account	Foreign Currency Non-Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995), as amended from time to time, registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
FY	Financial year/ Fiscal year
HUF	Hindu Undivided Family
HSBC	HSBC Bank Limited
HSIDC	Haryana State Industrial Development Corporation Ltd.
ICAI	Institute of Chartered Accountants of India
ICICI	ICICI Bank Limited
IDBI	Industrial Development Bank of India Limited
IISI	International Iron & Steel Institute
LC	Letters of credit
LIBOR	London Interbank Offered Rate
MOU	Memorandum of Understanding
Mn	Million
N.A.	Not Applicable
NAV	Net Asset Value
NMDC	National Mineral Development Corporation
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited.
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PF	Provident Fund
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RIICO	Rajasthan State Industrial Development and Investment Corporation Limited
ROC	Registrar of Companies, NCT Of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi – 110003
RoNW	Return on Net Worth
RSPCB	Rajasthan State Pollution Control Board
SAIL	Steel Authority of India Ltd.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SBBJ	State Bank of Bikaner and Jaipur
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
UIN	Unique Identification Number
WTD	Wholetime Director

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Prospectus. Unless indicated otherwise, the operational data in this Prospectus is presented on an unconsolidated basis and refers to the operations of our Company. Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding.

Market Data

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Prospectus is reliable, it has not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the steel industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, our exposure to market risks, competitive landscape, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page vii of this 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, its directors and officers, any member of Issue Management Team, 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 Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the Information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 43 and 92 of this Prospectus respectively as well as the other financial and statistical information contained in the Prospectus. If the following risks occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline.

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

Internal Risks

We are involved in one Criminal case which we have filed against M/s KMD Cement (P) Ltd for infringement of our Trade Mark

We have filed a case against M/s KMD Cement Private Limited for Infringement of trade mark, passing off, Unfair competition, disposing of and/or dealing with goods under the Trade Mark "Kamdhenu". The Case is pending before Chief Metropolitan Magistrate, Delhi. For further details please refer to section Litigation on page no 103 of this prospectus.

We are involved in a number of legal and regulatory proceedings that, if determined against us, could have a material adverse impact on us.

The following legal and regulatory proceedings are currently pending against our Company:

A. Notices under Environmental Laws

1. Our Company received a notice dated 18th September 2002 issued by Rajasthan State Pollution Control Board directing Company to submit Environmental Statement for the year 2000-2001. According to the said notice the failure to submit the Environmental Statement would make the offence punishable under section 15 of the Environment (Protection) Act, 1986 which makes the contravention punishable with imprisonment for a term which may extend to five years with fine which may extend to One Lakh rupees. The Company has filed its reply to the said notice. However, there has been no response from Sate Pollution Control Board and no further action has taken place with respect to the said notice. We are waiting for the reply of Pollution Control Board for further submission of Environment Statement on periodic basis. Any adverse order passed by Pollution Control Board against us may affect our working or put financial burden on Company.

2. On 25th February, 2005, the regional Office of the Rajasthan State Pollution Control Board issued (RSPCB) an on the spot notice to the Company during inspection pointing certain operational deficiencies. The said notice was required to be replied within a period of 7 days. The Company vide its letter dated 10th March 2005 replied to the notice and stated that all defencies pointed in said notice have been complied with. Vide letter no. RPCB/RO/BWD/OR-88/2030 dated 25.10.05 of RSPCB, the Regional Officer informed that aforesaid deficiencies have been removed. However, a final order from the Board is awaited. Any adverse order passed by Pollution Control Board against us may affect our working or put financial burden on Company

B. There are 6 civil disputes mainly relating Trade mark and passing off pending which the Company has filed against different parties for infringement of Company's Trade mark "Kamdhenu."

For further details please see the section titled "Outstanding Litigation" on page 103 of this Prospectus.

C. We are involved in a number of cases relating to sales tax, entry tax, excise duty, income tax and other statutory dues which if determined against us could have an adverse impact on us.

1. There are 17 disputes relating to sales tax and entry tax pending against our Company. The disputed sales tax in these cases aggregates to approximately Rs.27,18,593 out of which the company has deposited Rs. 18,85,329 under protest

2. There are 2 disputes relating to Income Tax pending against our Company. The disputed amount in these cases aggregates to approximately Rs.10.52 Lacs out of which the Company has paid Rs. 3,00,000 as deposit under protest

3. There is 1 dispute relating to excise duty pending against our company. The disputed excise duty in this case aggregate Rs 4.48 Lacs with further penalty of Rs 2.25 Lacs.

We are not sure of liability that may arise as and when Assessments relating these cases are taken up by respective Authorities. Any such demands may have a material adverse effect on our business, financial condition and our operations.

All the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. If any, all or some of these cases are determined against us, our results of operations could be adversely affected. For further details on the above cases, please see the section titled "Outstanding Litigation beginning on page 103 of this Prospectus.

Some of group/associate companies have some legal cases pending against them.

Some of our group companies have some legal cases pending against them. For example there are two service tax cases pending against M/s Raghuvveer Metal Industries Limited, involving the contingent liabilities of Rs. 2.06 Crores. In addition to this there is one case relating to Central Excise involving a disputed penalty amount of Rs. 92.48 lacs. Further there is a Sales Tax case pending against Kamdhenu Industries Limited involving a disputed demand of Rs 24.85 lacs. There are smaller cases too against other companies which are not material in amount.

We are yet to fully implement the project undertaken to Manufacture Sponge Iron at Orrisa

In the year 2004 the Company decided to undertake a project to manufacture sponge iron in the process of backward integration. Sponge iron is one of the raw materials used in manufacturing of ingots for Steel bars, the main product of the Company. We acquired Land measuring 79.85 acres for the Project at a cost of Rs 67,28,675 and also incurred Rs 33,67,499 towards brokerage/CLU charges/ ground leveling of land and Rs. 13,94,000 towards pre operative expenses. The Project could not be further implemented since Company could not get mining rights in respect of Mines of Iron/ Manganese Ore which is a basic raw material required for manufacture of Sponge Iron. The success of Sponge Iron project is based on captive availability of iron/manganese ore. For the purpose of getting mining lease we entered into a Partnership in January, 2005 with Smt Sujata Rout and Sri Sukanta Charan Rout both residents of Rourkela under the trade name M/s S R Ferro Alloys for seeking Mining Licence from Orrisa Government for undertaking mining of Iron/ Manganese Ore as described in more details on page 85 of this prospectus under the heading "Financial Information of the Group Companies". We have further entered into an agreement with the aforesaid partnership firm to buy entire Mining produce as and when raised from Mines for captive use in Orissa project. M/s S.R. Ferro Alloys is yet to get Mining licence from Authorities at Orrisa. We don't foresee any problem in implementing this arrangement but we cannot assure you that we will be able to successfully run this venture. We are trying to get the licenses for Lease of mines and in case we are unable to receive the Lease of mines we will have to shelve the Project. In the event we are able to get Mining rights we intend to implement the Project for which Funds will be tied up separately.

Our Promoter Company M/s Kamdhenu Overseas (P) Ltd and some of group/associate companies have incurred losses in recent financial years.

Some of our group/associate companies have incurred losses as per their financial statements for the last three financial years ended March 31, 2005

The details are set out in the table below:

(Amount in Lacs)			
Name	2005	2004	2003
Kali Metals (P) Ltd.	0.00	(0.14)	—
Kamdhenu Overseas (P) Limited	(0.31)	0.42	(0.20)

Note : Figures in brackets indicate losses

Our application for registration of some of our trademarks in respect of certain products are still pending with relevant trademark authorities as a result of which we may have lesser recourse to initiate legal proceedings to protect our brand in respect of these products. This may lead to dilution in the brand value in respect of certain products in which we may deal in future.

We own "Kamdhenu" trade mark in respect of Steel Bars and Cement under class 6 and class 19 respectively of Trade Mark Act 1999. We have also moved application for registration of the Trade mark in respect of various other products

mentioned under Class 1 to 42 covering items of Schedule IV of the Trade Mark Act, 1999. The registration is pending with the Registering Authority. The Company is adhering to policy of using the "kamdhenu" brand not only in respect of Steel bars and Cement but also in respect of other Building materials and products which the Company may deal in the future. At present company has started using "Kamdhenu" trade mark in respect of POP and SS Pipes in addition to Cement & Steel Bars. The Company has developed and implemented Franchisee Model in respect of Steel Bars, Cement, POP and SS Pipes. Other products are also in pipeline. Pending registration we may have lesser recourse to initiate legal proceeding to protect our Brand. This may lead dilution in our Brand in respect of the respective products.

We have received notices of opposition with respect to some of the applications seeking registration of certain trademarks in specified product category which are being suitably replied/defended.

Our success with our Brand depends, in part on our ability to protect and defend our current and future intellectual property rights relating to Brand/Trademark. If we fail to protect our intellectual property, competitors may manufacture, and market products under brands similar to our brands which may have an adverse effect on the goodwill of our brand.

The Objects of the Issue for which funds are being raised has not been appraised by any Bank or Financial Institution. Further we are yet to finalize the site for setting up of stock yards at some locations. Likewise the location for setting up of Corporate Office is yet to be finalized.

In the absence of any appraisal by any bank or financial institution for the funds required by us, the deployment of the funds raised through the issue as stated in the section titled "Objects of the Issue" are as per estimates approved by Board of Directors. The funds being raised through the issue are proposed to be used for setting up stock yards, working capital requirement, and setting up of Corporate Office. The premises in respect of some of these stock yards have not been identified (For details of sites identified please refer to page no. 53 of the Prospectus). We have already initiated process for identifying the location for Corporate Office but no decision has yet been taken about a particular site. In absence of any monitoring agency, the deployment of funds is entirely at the discretion of the management.

Our expansion plans are subject to the risk of cost and time overruns.

Our plan for expansion of operations as referred to in the section titled "Objects of the Issue" on page 24 of this Prospectus contains project costs and implementation schedules estimated by us. We intend to apply the net proceeds of the Issue to broad base our operations by setting up stock yards at strategic locations. Our expansion plans have not been appraised by any financial institution. Our expansion plans are subject to a number of contingencies, changes in laws and regulations, governmental action, delays in obtaining permits or approvals, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control.

Although we have taken steps to complete the expansion plan within parameters estimated by us, we cannot assure you that the actual costs incurred, time taken for implementation of these plans will not vary from our estimated parameters.

Our future acquisitions and alliances may not be successful

Further Part of our growth strategy includes pursuing strategic acquisitions and alliances. We cannot assure you that we will be able to consummate acquisitions or alliances in the future on terms acceptable to us, or at all. In addition, we cannot assure you that the integration of any future acquisitions will be successful or that the expected strategic benefits of any future acquisitions or alliances will be realised. Acquisitions or alliances may involve a number of special risks, including, but not limited to:

adverse short-term effects on our reported operating results;

diversion of management's attention;

difficulties assimilating and integrating the operations of the acquired company with our own; and unanticipated liabilities or contingencies relating to the acquired company.

As of the date of this Prospectus, we have not signed any letter of intent or entered into any definitive commitment or agreement for any material acquisition, strategic alliance or strategic investment other than mentioned in the Prospectus.

We have in the last 12 months issued Equity Shares as Bonus Shares by Capitalizing our Free Reserves.

Date of Allotment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Value (Rs)	Date on which fully paid-up
29/09/2004	15,20,000	10/-	—	Bonus Shares in ratio of 2:5	1,52,00,000	29/09/2004

The shortage or non-availability of electricity may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.

Our manufacturing processes require a substantial amount of electricity. In order to have an efficient and reliable electricity supply and reduce production losses, we use the high voltage state electricity supply as primary source. The quantum and nature of power requirement of our industry and Company is such that it cannot be supplemented / augmented by alternative/ independent sources of power supply since it involve significant Capital Expenditure and per unit cost of Electricity produced is very high in view of increasing oil prices and other constraints. In such a scenario, the Company will continue to be dependent upon the state electricity supply for its power requirements. Any disruption / non availability of power directly affects our production which in turn affects the profitability and turnover of our Company. We have experienced some minor power interruption in past and have not faced any major production loss in past on account of non availability of Electricity. However, we cannot assure you that in the future our results of operations or financial condition will not be adversely affected by power interruptions.

We have contingent liabilities under Indian Accounting Standards, which may adversely affect our financial condition.

As on March 31, 2005 the contingent liabilities appearing in our financial statements not provided for in Accounts were:

- 1) On account of pending appeals of the Income Tax, Excise Duty, Sales Tax assessment Rs.47.10Lac.
- 2) On account of estimated accrued amount of gratuity to the employees who have not completed qualifying period of service as on 31.03.2005 is worked out of Rs. 0.66 lac.

In addition to above the Company may become liable to pay penalty/other levies in cases where the disputes are settled against the Company.

Any disruption in Supply Chain Management may adversely affect our operation.

We out source our critical raw materials viz. M.S. Ingot/ Billets and M.S. Scrap from local producers which involves logistic issues, economic decision making in ensuring optimum inventory. Raw material costs account for the single largest component of our expense base and constituted approximately 69% of net sales during financial year ended March 31, 2005. Our Company has multiple suppliers for all key raw materials with cumulative capacities significantly higher than our requirements. Our ability to remain Competitive and maintain our market share is dependant upon our ability to source adequate supply of the raw materials. Any delay or disruption in supply of raw material to our plant may affect our plant's operations. Non availability or delays in supply of raw material along with logistic issues may force our Company to hold sizeable amounts of stock of raw materials thereby locking substantial part of our working capital, which might affect the liquidity position of our company.

We are planning to maintain a minimum inventory for 3 weeks for our raw materials which we feels would be quite adequate in meeting the working capacity of plant in case of logistic delays arising in ordinary course of business or unfortunate circumstances arising in business, thereby insulating our profitability and operations. Our inability to obtain high-quality raw materials in a timely and cost-effective manner would cause delays in our production and delivery schedules, which may result in the loss of our customers and revenues.

Our finished product is mainly TMT Bars, sales of which are normally made at prevailing market rates which includes the impact of increase in cost of raw material, if any. However we cannot assure that we will able to pass on the such increase to customers. We are also making efforts to enter into long term supply contracts with price revision clause in orders to circumvent this problem.

In addition, our operations and results may, from time to time, be affected by circumstances beyond our control, including work stoppages, labour disputes and shortages of qualified skilled labour, lack of availability of adequate infrastructure services and increase in transportation cost.

Our Marketing Network depend on our Strategic Partners, any disruption/discontinuance may affect us adversely

Our Company derives its royalty income, which forms 2.44% of our total income from sales affected by its franchisees for the period ended 31.12.2005. This is likely to increase in future though may not be significant compared to our overall operations. We face risk on two counts:

- (a) In case of any franchisee manufacturing any product which is not as per the stringent quality standards adopted by our Company, it may affect the 'Kamdhenu' brand goodwill enjoyed by our products in the market

- (b) Any disruption/ discontinuance of production by any of the franchisee's shall affect the revenues of the Company to the extent of non receipt of royalty income being derived from the concerned franchisee(s) and may also result in disruption of Supply of our products in that region.

Our Company has entered into individual agreements with the franchisees to ensure strict quality control. In case even a slight deviation in the production quality norms is observed by our Company, the agreement can be terminated with immediate effect without any legal recourse by the other party. In such an eventuality the supplies being affected by the franchisee shall be recouped by the Company from own production or by effecting supplies from the Stock yards being setup by the Company or by appointment of alternative franchisee(s).

Introduction of alternative technology or consumer habits may reduce demand for our existing products and may adversely affect our profitability and business prospects.

Our products are used in construction activities. Our customers may decide to seek alternative technology coupled with the development of more alternatives, which may adversely affect our business and profitability if we are not able to respond to these changes. Our ability to anticipate changes in technology and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. We cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance and delays in product development.

Further, any substantial change in the spending habits of consumers who are end users of where our products are used, business of our customers will affect which in will affect the demand for our products. Any failure on our part to forecast and/or meet the changing demands will have an adverse effect on our business, profitability and growth prospects.

Our Group Companies are in same line of Business

Most of our group Companies also deals in the main product of the Company i.e Steel Bars, Ingots etc. We presently source a part of our total requirement of steel ingots/billets from these companies. These transactions are done on prevailing market prices on commercial terms and on an arms length basis.

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

We have experienced high growth in recent times and expect our business to grow significantly in view of our plan for expansion . We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to quality and process execution standards that meet customer expectations;
- preserving a uniform culture, values and work environment in operations within and outside India; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage our growth may have an adverse effect on our business and financial results.

Covenants with institutional lenders may restrict our operations and expansion ability, which may hurt our business and results of operations and financial condition.

Certain covenants in our financing agreements with SBBJ require us to obtain approval from the financial institutions before undertaking new projects or substantial expansion of the existing facilities, making any investments, issuing new securities (debt or equity), making changes to our capital structure or our senior management or declaring dividends in certain circumstances.

Pursuant to the terms of Capital Facilities extended by State Bank of Bikaner and Jaipur, the Company cannot make payment of Dividend without their consent, issue any further shares, implement expansion plans, make investment in other Concerns, maintain minimum net working capital, maintain minimum tangible net worth, enter into agreements and arrangements, transfer or dispose of any undertaking, increase remuneration to Directors or pay commission to Directors, merger or consolidation, transfer or dispose of its undertaking or any of its capital fixed assets except in the ordinary course of business, enter into borrowing arrangements with any

bank, financial institution, company or otherwise accept deposits. All such restriction may have adverse impact on working of the Company. The Company has received NOC from SBBJ for making the Public Offer and affecting changes in Capital Structure but we are yet to receive their approval for the Investment made by Company in one of the Group Companies namely M/s Kali Metals (P) Ltd. Though we have not faced any difficulty in getting approval from the Bank, we cannot assure you that we will get the approvals from them for undertaking above activities on time.

For further details, please refer to the sections titled "Business Overview-Our Indebtedness" on page 59 of this Prospectus.

Although we have generally not encountered difficulties in obtaining consent from the financial institutions for desired actions in the past, no assurance can be given that such consent will be granted in the future.

Our industry is highly fragmented and competitive and increased competitive pressure may adversely affect our results.

We face significant competition from other Steel Bar manufacturers many of which supply goods to our Customers. A number of our competitors may be able to take advantage of efficiencies created by size, and have better financial resources or increased access to capital at lower costs. Our size as compared to some of our competitors may increase our susceptibility to economic down turns and pressures on prices of products being manufactured/ marketed by us. Our failure to compete successfully in our industry would materially affect our business prospects.

We have recently experienced rapid growth and may not be able to sustain our growth, which may affect our results.

We are currently experiencing a period of rapid growth. We may not, however, be able to sustain our growth effectively or to maintain a similar rate of growth in the future, and the failure to do so may have a adverse effect on our financial condition and results of operations.

Our growth requires additional capital, which if not available, may hamper our growth.

We intend to pursue a strategy of continued growth through introduction of new products, capacity expansion and Technological up gradation of Manufacturing Facilities. This all will require additional investment. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. Moreover, certain of our loan documentations contain provisions that limit our ability to incur future debt. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our growth plans or growth strategies or reduce capital expenditures and the size of our operations.

Significant increase in prices or shortage of raw materials could harm our results of operations and financial condition.

Our ability to remain competitive and maintain our market share is dependent upon our ability to source adequate supply of the raw materials. During periods of shortages in supply of the raw materials, we may not be able to meet delivery schedules and deliver the products as per the agreed timelines. Agreements in relation to our supplies stipulate certain penalties, which may be levied on us, in the event we fail to deliver and perform on time.

We do not have escalation clauses in our agreements during periods of rising prices of the raw materials, we may not be able to pass price increases to our customers, which could harm our operational results and financial condition.

Changes in current customs duty regulations applying to the import Scrap could adversely affect our overall performance.

We partly use imported scrap as our Raw material for Manufacture of Steel Bars. The import duties on this has been reduced in the past We cannot assure you that any future change in the import duty regulations will not have an adverse impact on our financial condition and results of operations.

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

We currently conduct our operations at our manufacturing facilities at Bhiwadi. Our facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly

affect our operating results. We are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. We also shut down plants for equipment upgrades. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

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

We typically use third-party transportation providers for the supply of most of our raw materials and for deliveries of our products to our customers. Transportation strikes by members of various Indian truckers' unions have had in the past, and could in the future, an adverse effect on our receipt of supplies and our ability to deliver our products. In addition, transportation costs have been steadily increasing in the past. Any further increases in transportation costs may have an adverse effect on our business and results of operations.

Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.

At present, we have 122 full-time employees, including 99 at our factory at Bhiwadi and 23 at our Registered Office in New Delhi. The number of our employees is likely to increase with our proposed expansion plans. Currently, employees in our operations are not represented by any labour unions.

While we consider our current labour relations at all our facilities to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

Our success depends in large part upon our senior management, Directors and key personnel and our ability to attract and retain them.

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

Our insurance coverage may not adequately protect us against certain operating hazards and this may have adverse effect on our business.

Our insurance policies consist of a comprehensive coverage for risks relating to physical loss or damage. In addition, we have obtained separate insurance coverage for personnel related risks, motor vehicle risks and loss of movable assets risks. For details of our insurance policies see the section titled "Business Overview – Insurance" on page 54 of this Prospectus. While we believe that the insurance coverage 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 honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, or the insurance policy covering such risk is not honoured, our results of operations and cash flow may be adversely affected.

Members of our Promoter group will continue to retain majority control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of the Issue, members of our Promoter group will beneficially own approximately 50.12% of our post-Issue equity share capital if Green Shoe option is not exercised and will beneficially own approximately 46.76% if Green Shoe option is exercised. As a result, the Promoter group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. As a consequence of its post-issue shareholding, the promoter group will also have the ability to influence the outcome of any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting.

External Risk Factors

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

While we believe that our facilities are in compliance in all material respects with applicable environmental laws and regulations, additional costs and liabilities related to compliance with these laws and regulations are an inherent part of our business. We, like other steel bar manufacturers, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination. These laws and regulations are increasingly becoming stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. These laws can impose liability for non-compliance with health and safety regulations or clean up liability on generators of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. Other laws may require us to investigate and remediate contamination at our properties. While we intend to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may prove restrictive and onerous.

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

Further expansions in the Steel Industry in our segment of operation may result in excess capacity, which may affect our financial condition.

Our plans for expansion envisages setting up of Stock yards and setting up of Franchisee units for manufacturing quality products under our brand name. Any additional increase in Capacity or competitors following our strategy of expansion may adversely affect our business.

This could also result in excess capacity in the market. Although our products have so far been able to compete in terms of quality and price, in domestic markets, no assurance can be given that we will be able to fully utilise our increased capacity and sell our increased production on competitive terms / terms acceptable to us or at all.

We face substantial competition in Steel Bars from other Manufacturers, which may hurt our revenues.

The Indian Steel Industries and in particular Steel Bar segment in which we operate is highly competitive. We face competition from low cost producers in various small companies specializing in limited segments of the market. A number of our competitors are larger than us and have greater financial resources. We also may face competition from new companies that are emerging, who would then attempt to obtain a share of our existing markets.

Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have a material adverse effect on our business, results of operations and financial condition. We cannot be certain that we will continue to compete successfully against either current or potential competitors in the future.

Changes in economic conditions may adversely affect our sales.

We operate Steel Bars segment of Steel Industry which is directly related Construction, Infrastructure and Housing Building Industry. Demand for our products is sensitive to changes in these Industries, cyclical changes in regional and global economic conditions and changes in consumer demand.

Due to the above factors, there can be no assurance that sales of our products will continue to improve or be maintained at current levels. A downturn in any of these market segment can have a significant impact on the selling prices of our products and on our results of operations.

Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

Several state governments in India have recently introduced a value added tax regime. The impact of the introduction of the value added tax regime on our business and operations will depend on a range of factors including the rates applicable and the exemptions available to our facilities. Currently, we are unable to ascertain the impact of the value added tax regime on our business and operations.

The Government of India has recently introduced a fringe benefit tax payable in connection with certain expenditures incurred by the Company which is likely to increase the tax liability of the Company.

We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.

Changes in interest rates could significantly affect our financial condition and results of operations. We are exposed to interest rate risk on our working capital loans and on additional debt financing that may be periodically needed for the capital expenditures associated with our future acquisitions or expansion plans. Upward fluctuations in interest rates increase the cost of both existing and new debt. The interest rate that we will be able to secure in a future debt financing will depend on market conditions at the time, and may differ from the rates on our existing debt. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we may in the future enter into hedging arrangements against interest rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

Wages pressures in India may prevent our company from sustaining its competitive advantage and may reduce its profit margin.

Wages in India are increasing at a fast rate. We need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on the Company's business, results of operation and financial condition.

After the Issue, the price of the Company's Equity Shares may be volatile, or an active trading market for the Company's Equity shares may not develop.

The prices of the equity shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities market; the Company's results of operations and performance; performance of the Company's competitors, the Indian Steel Industry; and the perception in the market about investments in the Steel sector; adverse media reports on Company; changes in the estimates of the Company's performance or recommendations by financial analysts; significant developments in India's economic liberalization or deregulation policies; and significant developments in India's fiscal and environmental regulations.

There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are initially traded will correspond to the prices at which Equity shares will trade in the market subsequent to this Issue.

Any further issuance of Equity Shares by us or sales of our Equity Shares by our significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any significant shareholder, including our Promoters, may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

Terrorist attacks or war or other serious conflicts involving India or other countries could adversely affect business sentiment and the financial markets and adversely affect our business.

Incidents such as the terrorist attacks of September 11, 2001 in New York and Washington D.C. and other recent incidents such as in Bali, Indonesia, London, Spain, New Delhi may adversely affect global equity markets and economic growth as well as the Indian economy and stock markets. Such acts negatively impact business and economic sentiment, which could adversely affect our business and profitability.

India has from time to time experienced, and continues to experience, social and civil unrest, hostilities and armed conflicts, which could also adversely affect the Indian economy, as a whole, and our business, in particular.

Notes:

1. The net worth of our Company as on December 31 2005 was Rs. 1133.41 Lacs.
2. Issue of 1, 28, 00,000 Equity Shares of Rs. 10/- each at a price of Rs. 25/- each for cash aggregating to Rs.3200 Lacs.
3. The average cost of acquisition of existing Equity Shares of the Promoters is as under:

Name of the Promoter	Average Cost of Acquisition per Equity Share (in Rs.)
Mr. Satish Kumar Agarwal	10.96
Mr. Pradeep Kumar Agarwal	11.39
Mr. Sunil Kumar Agarwal	7.14
Ms. Shafali Agarwal	7.14
Kamdhenу Overseas (P.) Limited	7.14

4. Book value per share of the company is Rs. 18.25 as on 31st December, 2005.
5. Investors are advised to refer to the section titled "Basis for Issue Price" on page 27 of this Prospectus.
6. Investors may contact the Lead Managers for any complaints, information or clarifications pertaining to the Issue.
7. Except as disclosed in "Capital Structure – Notes to the Capital Structure" beginning on page 11 of this Prospectus, our Directors, our Promoters or directors of our Promoter companies have not purchased or sold any securities of the Company during a period of six months preceding the date of the filing of the Prospectus.
8. The investors are advised to refer the Chapter titled "Our Promoters" on promoters' background on page 70 of the prospectus before making investment in this proposed issue.
9. Refer to Annexure XV of the section titled "Financial Information" on page 82 of this Prospectus for the related party transactions with Group Companies, Related companies and Individuals.
10. For interest of Promoters/Directors, please refer to section "Our Management-interest of Promoters/Director" on page no. 66 of the Prospectus.
11. Investors should note that in case of over subscription in the Issue, Allotment will be made on a proportionate basis to Retail Individual Bidders and Non-Institutional Bidders in consultation with BSE, the designated Stock Exchange and as per SEBI guidelines. For details please refer to the section titled "Basis of Allotment" beginning on page 126 of this Prospectus. Investors may contact the Lead Manager for any clarification or information that they may require in connection with this Issue.

SUMMARY

The following summary is qualified in its entirety by the more detailed information and the financial statements of the Company that appear elsewhere in this Prospectus. Unless otherwise stated, all financial and other data regarding our business and operations presented in this Prospectus are presented on the basis of Audited Financial Statement for the year ended 31st March, 2005 and for the period ended 31st December, 2005.

Overview of the Industry

Steel industry was one of the first to benefit from economic liberalization in India in the early 1990s as licensing was abolished, prices decontrolled and hurdles in distribution removed. The government also supported free inflows of foreign capital, technology, equipment and raw materials and as a consequence, several steel manufacturing units were set up in the private sector. In this favorable scenario, the share of the private sector in our crude steel production went up, considerably. Today, India is the ninth largest steel producer in the world with its annual production in 2004 at 32.6 Mn tons. This accounts for 3% of global steel production.

The economic reforms initiated by the government since 1991 have added a new dimension to industrial growth and to the steel industry in particular. Licensing requirements for capacity creation are abolished except for certain restrictions pertaining to any particular location. The steel industry has been removed from the list of industries reserved for the public sector and automatic approval of up to 100% foreign equity investment has been allowed. Price and distribution controls too been removed from January 1992 with a view to make the steel industry efficient and competitive.

Restrictions in external trade, both in import and export of steel have been removed and import duty on raw materials and finished steel has been reduced, gradually. Certain other policy measures taken by the government over the past decade like reduction in import duty of capital goods, convertibility of rupee on trade account, permission to mobilise resources from overseas financial markets, and rationalisation of tax structures have benefited the Indian steel industry.

The total production of finished carbon steel in India was 38.40 Mn tonnes in 2004-05 as compared to 14.33 Mn tonnes in 1991-92 – indicating an increase of 7.29% CAGR. The high share of secondary sector in finished steel production is largely due to substantial supplies of semis, the basic feed material procured from the main producers to convert into whichever shapes by rolling.

(Source: Ministry of Steel – www.steel.nic.in)

Overview of our business

M/s. Kamdhenu Ispat Limited (the “**Company**”) is an unlisted public company. The Company is presently involved in the business of manufacturing Steel Bars, which is used in the Construction of Multistoried Buildings, Dams, bridges, flyovers, and power plants as a basic reinforcement material. The Company is manufacturer of CTD Bars, TMT Bars. The Company is using the “**Tempcore Process**”, which is the most advanced technology worldwide for manufacturing TMT Steel Bars. The Company’s products meet IS 1786-1985 and ISO 9001:2000 specifications.

The main manufacturing facility of the Company is situated at Bhiwadi (Rajasthan). The Plant Capacity is 48000 MetricTonnes per annum and ingot manufacturing capacity is 22,500 Metric Tonnes per annum. We also have Franchisee arrangements with 22 entities to manufacture Steel Bars across India, 6 entities for manufacturing cement one for manufacturing SS Pipes and one for housing project. Two of such plants are located in Rajasthan, while one plant is located in Kanpur. The other plants are located at Ghaziabad, Mandi Gobindgarh (Punjab), Nallagarh (HP), and Baddi (H.P.), Indore (M.P), Jammu, Goa, Bihar, Gujarat, West Bengal, Jharkhand, U.P. Guwahati, Hosur, Varanasi and Ludhiana. All these plants are using Automatic German Technology which makes Steels Bars at a speed of 32 seconds as against 52 seconds of other normal plants.

The Franchisee manufacturers Steel Bars under the “KAMDHENU” Brand. The working arrangement with these Franchisee Entities is described in more details in section of Our Business Strategy appearing on page no 54 of this prospectus. The total combined capacity of all these units is at present 840000 MT. The Company is also in advance stages of finalizing strategic tie-ups with some more parties in unrepresented areas and it is expected that the products under the “KAMDHENU” Brand should be available in majority of the states in India.

The company has a network of more than 1750 distributors and dealers spread across the States of Delhi, Haryana, Uttar Pradesh, Uttranchal, Rajasthan, Punjab, Himachal Pradesh, Madhya Pradesh, Jammu & Kashmir, Maharashtra, Goa, Gujarat, West Bengal, Bihar, Jharkhand, etc.

In addition to the above, the our Group Company M/s Kali Metals (P) Ltd in which we have 21.55% shareholding, is setting up a Steel Rolling Mill near Bangalore with a total outlay of Rs. 1143.78 Lacs. The plant will have a capacity to produce 48,000 metric tonnes per annum of Reinforcement Steel Bars.

Our Product Profile

The Company derive income from three different activities.

- (a) Sale of Products manufactured by the Company.
- (b) Trading of products manufactured by Franchisees under “Kamadhenu” brand.
- (c) By way of royalties received from Franchisees for using “Kamadhenu” brand.

Kamdhenu manufactures undermentioned quality of steel bars. Products of the company meet IS 1786-1985 and ISO 9001:2000 specifications:

KIL manufactures following quality of steel bars:

CTD BARS: Cold Twisted Deformed Bars having high strength and proof stress produced by High Speed Rolling and precision cold twisting.

TMT BARS: Our TMT bars are Thermo-Mechanically treated for high yield strength. The process involves the rapid quenching of hot bars through a series of water jets after they come out of the last rolling mill stand. The bars are cooled allowing the core and surface temperatures to equalize. The bar core cools down slowly to turn into a ferritepearlite aggregate.

For determining better quality monitoring of the different layers of the TMT bars at the micro level, the company uses Micro Structure Analysis, we are the first Indian company to do so after TISCO.

Our Financials

As of 31st December 2005, our total assets were Rs. 3034.77 Lacs and for the nine months from 1st April 2005 to 31st December 2005 our total turnover including other income was Rs. 9755.35 Lacs and our net profit after tax was Rs 189.45 Lacs. For details refer to “Financial Information” on page 75 of the Prospectus.

Our Business strategy

Kamdhenu has taken a conscious decision to develop and enlarge its business operations by adopting Franchise route. Two type of arrangements have been worked out with Franchisee. Under first model the Company allows the Franchisee unit to manufacture steel bars under the Brand name ‘Kamdhenu’ under strict quality regime laid down by the Company. The Franchisee markets the Products at its own using Marketing network of Kamdhenu and paying the Company Royalty on sales per tonne basis/per bag/percentage. Under other model we have plans to establish our own Stock Yards at various strategic locations and materials required for these yards will be sourced from the nearby Franchisees, who are manufacturers of Kamdhenu Steel TMT/ CTD Bars. For this purpose our Company has already entered into agreements with the franchisees, the details of which are given on page 43 of this Prospectus in the Chapter titled “Business Overview”. The Company will derive following benefits of this strategy:

- Market share of Kamdhenu will go up without investing in manufacturing plants.
- It would be able to increase its profitability by increased turn-around cycle of available resources.
- It would be able to derive benefits of handling large volumes.
- It would get Royalty payments from the Franchisees for use of Kamdhenu brand.

KIL proposes to establish the stockyards in leased properties. It is proposed to acquire land at a suitable location. Each stockyard would be managed by a team of 5-6 people.

Our Competitive Strengths

We believe that the following are our principal competitive strengths, which differentiate us from other Indian steel companies in the same segment

- We are using “Tempcore Process” which is the most advanced technology worldwide for the manufacturing of the TMT bars. As the plants are based on the upgraded Automatic German Technology the speed of the plant is 32 seconds for manufacturing of TMT Bars.
- We have a network of more than 1750 dealers and distributors spread across states of Delhi, Haryana, UP, HP, Rajasthan, MP, Punjab, J&K, Goa, Uttaranchal, Tamil nadu, Karnataka, Kerela, Maharashtra etc.
- Our Product meet IS 1786-1985 and ISO 9001:2000 specifications
- We aim at decentralization of the production base by strategic tie up/ takeover of unbranded manufacturing units all over the country and convert the same into Kamdhenu brand through technological up-gradation, implementation of Quality Management system and effective distribution through widespread sale depot network. Simultaneous efforts would be made to create consumer awareness for quality construction steel and adopt the policy of “ Best Quality Best Price”.
- We have talented, skilled and qualified man power to look after different activities at various levels in the organization. The company provides adequate training to staff to keep them updated on all issues related to our Industry.

THE ISSUE

Equity Shares offered by the Company	1,28,00,000 Equity Shares
Of Which:	
Promoters Contribution in Public Issue	36,74,700 Equity Shares
Offer to Public in terms of this Prospectus	91,25,300 Equity Shares
Green Shoe Option*	13,68,795 Equity Shares
Equity Shares outstanding prior to the Issue	62,11,066 Equity Shares
Equity Shares outstanding after the Issue (without exercising Green Shoe option)	1,90,11,066 Equity Shares
Equity Shares outstanding after the Issue (with Green Shoe option)	2,03,79,861 Equity Shares
Objects of the Issue	Please see the section titled "Objects of the Issue" beginning on Page 27 of this Prospectus.

***The Green Shoe Option will be exercised at the discretion of the Lead Manager and the Company only with respect to the Loaned Shares, who as the Green Shoe Lender has agreed to lend 13,68,795 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised by the Stabilising Agent.**

GREEN SHOE OPTION

We propose to avail of an option for allocating Equity Shares in excess of the Equity Shares included in the Issue in consultation with the LEAD MANAGER, in order to operate a post listing price stabilising mechanism, in accordance with the SEBI Guidelines i.e. the Green Shoe Option. Our shareholders at the extraordinary general meeting held on October 5, 2005 have authorized the Green Shoe Option.

The LEAD MANAGER has agreed to act as the stabilizing agent for the purposes of effectuating the Green Shoe Option, as envisaged under Chapter VIII A of the SEBI Guidelines. Our Promoter namely Shri Satish Kumar Agarwal, Pradeep Kumar Agarwal, Sunil Kumar Agarwal and Smt. Shafali Agarwal has agreed to lend in equal proportion i.e. 3,42,200 shares each aggregating to 13,68,800 herein after referred to as the "Loaned Shares" to the Stabilising Agent for the purposes of effectuating the Green Shoe Option.

The Stabilising Agent shall be responsible for *inter alia* price stabilisation post listing, if required, but there is no obligation to conduct stabilising measures. If commenced, stabilising will be conducted in accordance with applicable laws and regulations and may be discontinued at any time. In any event, the stabilizing activities shall not continue for a period exceeding 30 days from the date of the receipt of permission for trading of the Equity Shares from the Stock Exchanges. For the purposes of the Green Shoe Option, the Stabilising Agent shall borrow the Loaned Shares from the Green Shoe Lender. The Loaned Shares and/ or purchased from the market for stabilizing purposes will be in dematerialised form only.

On 14 November, 2005 we have entered into a stabilisation agreement with the Green Shoe Lender and the Stabilisation Agent for the exercise of the Green Shoe Option on the terms and conditions detailed therein.

The terms of the Stabilisation Agreement provide that:

1. Stabilisation Period

Stabilisation Period shall mean the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue, and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent.

2. The primary objective of the Green Shoe Option is stabilisation of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares falls below the Issue Price, then the Stabilising Agent, at its discretion, may start purchasing Equity Shares from the market with the objective of stabilisation of the market price of the Equity Shares.

3. Decision regarding Exercise of Green Shoe Option

- (i) Post the Issue Closing Date, the Company in consultation with the LEAD MANAGER shall take a decision relating to the exercise of the Green Shoe Option.
- (ii) In the event, it is decided that the Green Shoe Option shall be exercised, the Company in consultation with the Stabilising Agent, shall make over allotment of as per the procedure detailed below.

4. Procedure for Over Allotment and Stabilisation

- (i) The allotment of the Over Allotment Shares shall be done pro rata with respect to the proportion of Allotment in the Issue to various categories.
- (ii) The monies received from the applicants for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account distinct and separate from the Issue Account and shall be used only for the purpose of buying shares from the market during the Stabilisation Period for the stabilization of the post listing price of the Equity Shares.
- (iii) Upon such allotment, the Stabilising Agent shall transfer the Over Allotment Shares from the GSO Demat Account to the respective depository accounts of the successful Bidders.
- (iv) For the purpose of purchasing the Equity Shares, the Stabilisation Agent shall use the funds lying to the credit of GSO Bank Account.
- (v) The Stabilising Agent shall determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilisation of the post listing price of the Equity Shares.
- (vi) The Equity Shares purchased from the market by the Stabilising Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lender within two working days from the expiry of the Stabilisation Period.

- (vii) On the expiry of the Stabilisation Period, in the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilisation Period but before the transfer to the Green Shoe Lender is less than the Over Allotment Shares, upon being notified by the Stabilising Agent, we shall within five days of the end of the Stabilisation Period allot, new Equity Shares in dematerialized form for the number equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares shall be returned by the Stabilising Agent to the Green Shoe Lender in lieu of the Over Allotment Shares, within two working days of them being credited into the GSO Demat Account, time being of essence in this regard.
- (viii) Upon the return of Equity Shares to the Green Shoe Lender pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilising Agent shall close the GSO Demat Account.
- (ix) The Equity Shares returned to the Green Shoe Lender shall be subject to remaining lock-in-period, if any, as provided in the SEBI Guidelines.

5. GSO Bank Account

The Stabilising Agent shall remit from the GSO Bank Account to the Green Shoe Lender, an amount, in Rupees, equal to the number of Equity Shares allotted by us to the GSO Demat Account at the Issue Price. The amount left in this account, if any, after this remittance and deduction of expenses and net of taxes, if any, shall be transferred to the investor protection fund of the Stock Exchanges in equal parts. Upon the return of Equity Shares to the Green Shoe Lender pursuant to and in accordance with sub-clauses (vi) and (vii) of clause 4 or the procedure for over allotment and stabilisation or transfer for the Green Shoe Option, the GSO Bank Account shall be closed by the Stabilising Agent.

6. Reporting

During the Stabilisation Period, the Stabilising Agent shall submit a report to the BSE and the NSE on a daily basis. The Stabilising Agent shall also submit a final report to SEBI in the format prescribed in Schedule XXIX of the SEBI Guidelines. This report shall be signed by the Stabilising Agent and us and be accompanied by the depository statement for the GSO Demat Account for the Stabilisation Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilising Agent shall, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Lender regarding confirmation of lock-in on the Equity Shares returned to the Lender in lieu of the Over-Allotment Shares.

7. Rights and Obligations of the Stabilising Agent

- (i) Open a special bank account which shall be the GSO Bank Account under the name of "Special Account for GSO proceeds of Kamdhenu Ispat Limited" and deposit the monies received for the Over Allotment Shares, in the GSO Bank Account.
- (ii) Open a special account for securities which shall be the GSO Demat Account under the name of "Special Account for GSO shares of Kamdhenu Ispat Limited" and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.
- (iii) Stabilise the market price as per the SEBI Guidelines, only in the event of the market price falling below the Issue Price, including *inter alia* the determination of the price at which such Equity Shares are to be bought and the timing of such purchase.
- (iv) On or prior to Bid/ Issue Closing Date, to request the Green Shoe Lender to lend the Loaned Shares and to transfer funds from the GSO Bank Account to Green Shoe Lender within a period of five working days of close of the Stabilisation Period.
- (v) The Stabilising Agent, at its discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilising Agent, at its discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of Equity Shares may not result in stabilisation of market price.
- (vi) Further, the Stabilising Agent does not give any assurance that would be able to maintain the market price at or above the Issue Price through stabilization activities.
- (vii) On expiry of the Stabilisation Period, to return the Equity Shares to the Green Shoe Lender either through market purchases as part of stabilising process or through issue of fresh Equity Shares by us.
- (viii) To submit daily reports to the Stock Exchanges during the Stabilisation Period and to submit a final report to SEBI.

- (ix) To maintain a register of its activities and retain the register for three years.
- (x) To transfer net gains on account of market purchases in the GSO Bank Account net of all expenses and net of taxes, if any, equally, to the investor protection funds of the Stock Exchanges.

8. Rights and Obligations of the Company

- (i) On expiry of the Stabilisation Period, if the Stabilising Agent buys the Equity Shares from the market, to issue the Equity Shares to the GSO Demat Account to the extent of Over Allotment Shares, which have not been bought from the market.
- (ii) If no Equity Shares are bought from the market, then to issue Equity Shares to GSO Demat Account to the entire extent of Over Allotment Shares.

9. Rights and obligations of the Green Shoe Lender

- (i) The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilising Agent/ GSO Demat Account free from all liens, charges and encumbrances.
- (ii) Upon receipt of instructions from the Stabilising Agent on or prior to Bid/ Issue Closing Date, to transfer the Loaned Shares to the GSO Demat Account.
- (iii) The Green Shoe Lender will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the stabilisation.

10. Fees and Expenses

- (i) The Company shall pay to Green Shoe Lender a fee of Rs. 100/-.
- (ii) The Company will pay the Stabilising Agent a fee of Rs. 50,000/- plus service tax for providing the stabilising services.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of March 31, 2001, 2002, 2003, 2004 and 2005 and the nine-month period ended December 31, 2005, as described in the Auditors Report in the section titled "Financial Information" appearing on page 74 of this Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and have been restated as required under the SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Information" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 74 and 92, respectively, of this Prospectus.

Statement of Profit & Loss Account (As Restated)

(Rs in lacs)

Particulars	For the year ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
SALES						
Of Products Manufactured by the Company	8820.97	9702.50	7011.57	5133.76	4467.65	3845.95
Of products Traded by the Company	679.70	2926.60	1346.56	181.99	166.29	6.00
Increase/ (Decrease) in stocks	88.64	(4.38)	(180.70)	156.39	49.27	83.82
Other Income*	254.68	116.90	55.22	199.53	194.94	239.78
Total	9843.99	12741.62	8232.65	5671.67	4878.15	4175.55
EXPENDITURE						
Material Consumed	6112.10	6680.85	4935.33	3791.67	3253.71	2836.35
Cost of goods traded in	631.65	2802.53	1225.34	153.82	165.53	-
Manufacturing Expenses	1154.02	1559.54	655.00	610.56	515.98	501.34
Personnel Expenses	80.82	96.24	46.48	49.73	47.64	42.95
Other Operating Expenses	251.99	252.01	265.54	181.31	103.24	99.29
Excise Duty	1230.34	956.97	831.37	768.90	689.18	601.24
Misc. and Deferred Revenue Exp. W/Off	-	1.11	1.11	0.69	0.69	0.69
Total	9460.92	12349.25	7960.17	5556.68	4775.97	4081.86
Profit before Interest, Depreciation and Tax	383.07	392.37	272.48	114.99	102.18	93.69
Depreciation	52.38	69.95	55.70	51.27	48.73	38.02
Profit before Interest and Tax	330.69	322.42	216.78	63.72	53.45	55.67
Interest & Finance Charges	44.38	59.32	34.27	23.88	24.36	28.74
Loss on sale of Investment/Assets	-	-	2.29	-	1.08	-
Net Profit Before Tax	286.31	263.10	180.22	39.84	28.01	26.93
Provision For Taxation						
Current Tax	99.24	87.54	52.19	10.57	1.08	1.32
Deferred Tax	(2.38)	4.37	13.52	6.58	-	-
Net Profit After Tax	189.45	171.19	114.51	22.69	26.93	25.61
Prior Period adjustment	-	1.94	0.84	56.73	11.06	-
Net profit after tax after adjusting prior period item	189.45	173.13	115.35	(34.04)	15.87	25.61

*Other Income includes Royalties received from Franchisee units for permitted use of "Kamdhenu" "Brand."

Statement of Assets and Liabilities (As Restated)

Particulars	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31,2001
A FIXED ASSETS						
Gross Block	1070.49	967.80	882.50	708.02	687.89	575.53
Less: Depreciation	341.37	288.65	237.64	235.85	191.44	137.68
Net Block	729.12	679.15	644.86	472.17	496.45	437.85
Less : Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	729.12	679.15	644.86	472.17	496.45	437.85
Capital Work in Progress	20.81	11.80	-	9.15	-	-
Total Fixed Assets (A)	749.93	690.95	644.86	481.32	496.45	437.85
B INVESTMENTS (B)	144.10	0.10	2.00	2.00	11.93	11.93
C CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	501.00	575.63	341.53	557.47	251.27	251.46
Sundry Debtors	1197.07	1338.76	591.30	536.67	376.06	616.44
Cash and bank Balance	118.97	103.13	84.15	101.80	101.24	70.70
Loans and Advance	323.70	323.16	192.45	129.02	99.05	110.54
Total (C)	2140.74	2340.68	1209.43	1324.96	827.62	1049.14
D LIABILITIES AND PROVISIONS						
Secured Loans	250.95	388.99	340.22	253.63	101.89	215.31
Unsecured Loans	318.13	280.61	82.45	82.48	87.52	152.96
Current Liabilities & Provision	685.47	1286.11	736.94	932.63	643.46	714.74
Deferred Tax liability	78.81	81.20	76.83	63.31	-	-
Total (D)	1333.36	2036.91	1236.44	1332.05	832.87	1083.01
E Share App. Money	568.00	222.76	-	100.70	144.25	73.59
F NET WORTH (A+B+C-D-E)	1133.41	772.06	619.85	375.53	358.88	342.32
F REPRESENTED BY:						
Share Capital	621.11	532.00	380.00	250.03	200.04	200.04
Total Reserves and Surplus	586.45	263.33	242.21	126.88	160.92	145.05
Less Revaluation Reserves	-	-	-	-	-	-
Net Reserve and Surplus	586.45	263.33	242.21	126.88	160.92	145.05
Miscellaneous Expenditure	74.15	23.28	2.38	1.38	2.08	2.77
NET WORTH	1133.41	772.06	619.85	375.53	358.88	342.32

GENERAL INFORMATION
KAMDHENU ISPAT LIMITED

Our Company was incorporated on: 12th September, 1994 as Kamdhenu Ispat Limited with the Registrar of Companies, Rajasthan, Jaipur vide company registration no. 17-08767.

Our Company received Certificate for Commencement of Business on: 29th December, 1994.

Company Registration No.: 55-134282 (New registration number subsequent to change of registered office of the Company from Rajasthan to NCT of Delhi w.e.f. 2nd March, 2005).

Registrar of Companies: NCT of Delhi & Haryana, Paryavaran Bhawan, B - Block, II Floor, C.G.O. Complex, Lodhi Road, New Delhi – 110 003.

Registered Office of our Company:

5/2, Punjabi Bagh Extn, New Delhi – 110026.

Tel.: 91- 11- 25223404/05/06/07/08. Fax: 91- 11- 25226893.

Email: Kamdhenu@nda.vsnl.net.in

Website: www.kamdhenuispat.com

(The Registered Office of the Company was shifted from A-1114, RIICO Industrial Area, Phase-III, Bhiwadi-301019, Rajasthan to 5/2, Punjabi Bagh, New Delhi-110026 w.e.f. 2nd March, 2005 vide CLB order No. CP No. 220/17/2004-CLB dated 2nd March, 2005)

Board of Directors

The following persons constitute our Board of Directors:

Name of Director	Designation	Status
1. Mr. Satish Kumar Agarwal	Chairman & Managing Director	Promoter
2. Mr. Pradeep Kumar Agarwal	Whole Time Director	Promoter
3. Mr. Sunil Kumar Agarwal	Whole Time Director	Promoter
4. Mr. Saurabh Agarwal	Whole Time Director	Whole Time Director
5. Mr. Rakesh Goyal	Director	Independent Director
6. Mr. Suresh Kumar Singhal	Director	Independent Director
7. Mr. Rajiv Goel	Director	Independent Director
8. Mr. Purshotam Aggarwal	Director	Independent Director

For further details of our Chairman & Managing Director and whole-time Directors, see the section titled “Our Management” appearing on page 63 of this Prospectus.

COMPLIANCE OFFICER & COMPANY SECRETARY

Mr. Arvind Gupta

Kamdhenu Ispat Limited,

5/2, Punjabi Bagh Extn,

New Delhi – 110026

Ph: 011-25223404 to 8

Fax: 25226893

Email: arvindgupta@kamdhenuispat.com

The Investors are requested to contact the above-mentioned Compliance Officer in case of any pre-issue /post-issue problems such as non-receipt of refund orders / demat credits not made etc.

LEAD MANAGER

Chartered Capital & Investment Limited

SEBI Regn. No. INM000004018

13, Community Centre,

East of Kailash,

New Delhi – 110065,

Tel: 91-11-26472557, 26218079, 26218274.

Fax: 91-11-26219491

Email: kamadhenuipo@charteredcapital.net

Contact Person: Mr. Sanjay Jain

LEGAL ADVISOR TO THE ISSUE**Luthra & Luthra law offices**

103, Ashoka Estate,
Barakhamba Road, New Delhi-110 001.
Tel : 011- 51215100
Fax : 011-23723909
Email: hchandhoke@luthra.com
Contact Person: H.S. Chandhoke

REGISTRAR TO THE ISSUE**Karvy Computershare Private Limited**

Karvy House, 46, Avenue 4,
Sreet No. 1, Banjara Hills,
Hyderabad- 500 034.
Tel: 040-23312454/23320251/751
Fax: 040-23311968
Email : mailmanager@karvy.com
Contact Person : Mr. Ganapathy Subramanian

BANKERS TO THE ISSUE**ICICI BANK**

Capital Market Division
30, Mumbai Samachar Marg,
Fort, Mumbai-
Tel: 022-22655285
Fax : 022-262611138
Email : sidhartha.routry@icicibank.com
Contact Person : Mr. Sidhartha Routry

HDFC Bank

Maneckji Wadia Building
Ground Floor, Nanik Motwari Marg,
Mumbai-400 001.
Tel : 022-22679961, 22679947
Fax : 022-22671661
Email : sunil.kolenchery@hdfcbank.com
Contact Person : Mr. Sunil Kolenchery

KOTAK MAHINDRA BANK

Dani Corporate Park,
4th Floor, 159-A CST Road
Kalina, Santacruz,
Mumbai-400001.
Tel : 022-55594877/876/850
Contact Person : Mr. Ibrahim Sharief

HSBC BANK

56/60 M.G. Road,
Mumbai-400 001.
Tel : 022-22681673
Email : dhirajbajaj@hsbc.co.in
Contact Person : Mr. Dhiraj R. Bajaj

AUDITORS**S. Singhal & Co.**

Chartered Accountants,
E-127 Industrial Area, Bhiwadi-301019
Tel.: 0149 3220218
Fax: 0149 3221934
Contact Person: Mr. R.K. Gupta

BANKERS TO THE COMPANY**State Bank of Bikaner & Jaipur**

RIICO Industrial Area, Bhiwadi,
(Alwar District)-301019 Rajasthan
Tel.: 01493-220426, 223130
Fax: 01493-220088
Contact Person : Mr. N.K. Agarwal/Chief Manager

ICICI Bank Ltd.

K-6,7&12, Qutub Plaza, DLF City,
Phase-I, Gurgaon-122002.
Tel.: (0124) 5052210
Fax: (0124) 5052214

IDBI Bank Ltd.

J-13/37, Rajouri Garden, New Delhi
Tel.: 25911482/83
Fax: 25911474

BROKERS TO THE ISSUE

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

MONITORING AGENCY

No agency has been appointed to monitor utilization of funds

CREDIT RATING

As the Issue is of Equity Shares, a credit rating is not required.

UNDERWRITING

Underwriting being optional the company does not propose to underwrite the Issue

IPO GRADING

The Company has not opted for IPO grading

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not required.

WITHDRAWAL OF THE ISSUE

Our Company in consultation with the Lead Managers, reserve the right not to proceed with the Issue at anytime after the Issue opening date but before allotment, without assigning any reasons thereof.

CAPITAL STRUCTURE OF THE COMPANY

Share Capital as on the date of filing of Prospectus with SEBI

(Rs. in Lacs)

	Nominal Value	Aggregate Value
A. Authorised Capital 3,00,00,000 Equity Shares of Rs.10/- each	3000.00	
B. Issued, Subscribed and Paid Up Capital 62,11,066 Equity Shares of Rs.10/- each fully paid up	621.10	754.76
C. Present Issue 1,28,00,000 Equity Shares of Rs. 10/- each at a premium of Rs 15/-each fully paid up	1280.00	3200.00
Out of Which 36,74,700 Equity Shares of Rs. 10/- each at a premium of Rs. 15/- each fully paid up toward promoters contribution in the Issue	367.47	918.67
Net Issue to the Public through this Prospectus 91,25,300 Equity Shares of Rs.10/- each at a premium of Rs. 15/- each payable in cash	912.53	2281.33
D. Paid Up Capital after the Present Issue (without exercising green shoe option) 1,90,11,066 Equity Shares of Rs.10/- each	1901.10	3954.76
E. Paid Up Capital after the Present Issue (with green shoe option) 2,03,79,861 Equity Shares of Rs.10/- each	2037.98	4296.95
F. Share Premium Account Before the Issue		133.65
After the Issue :		
(i) without exercising Green Shoe Option		2053.65
(i) with Green Shoe Option		2258.97

Notes to Capital Structure:

1. Details of the increase in authorised capital

Sr. No.	Particulars of Increase	Date of Meeting	Nature of Meeting
1	Rs. 1 Lacs	Since Incorporation	—
2	From Rs. 1 Lacs to Rs. 100 Lacs	21.11.1994	EGM
3	From Rs. 100 Lacs to Rs. 120 Lacs	06.03.1995	EGM
4	From Rs. 120 Lacs to Rs. 200 Lacs	24.09.1996	AGM
5	From Rs. 200 Lacs to Rs. 225 Lacs	15.03.1998	EGM
6	From Rs. 225 Lacs to Rs. 300 Lacs	25.05.2000	EGM
7	From Rs. 300 Lacs to Rs. 600 Lacs	24.01.2004	EGM
8	From Rs. 600 Lacs to Rs. 3000 Lacs	25.03.2005	EGM

2. Capital Buildup: The existing share capital of the company has been subscribed and allotted as under:

Date of Allotment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Value (Rs)	Cumulative capital	Date on which fully paid-up	Description
12.09.94	80	10	10	Cash	800	800	12.09.94	Subscribers to Memorandum
20.01.95	5,52,400	10	10	Cash	55,24,000	55,24,800	20.01.95	Further Issue
22.03.95	3,96,400	10	10	Cash	39,64,000	94,88,800	22.03.95	Further Issue
28.06.95	2,35,000	10	10	Cash	23,50,000	1,18,38,800	28.06.95	Further Issue
28.02.99	3,00,000	10	10	Cash	30,00,000	1,48,38,800	28.02.99	Further Issue
12.05.99	3,61,000	10	10	Cash	36,10,000	1,84,48,800	12.05.99	Further Issue
21.03.01	1,55,500	10	10	Cash	15,55,000	2,00,03,800	31.03.01	Further Issue
01.10.02	5,00,000	10	10	Cash	50,00,000	2,50,03,800	1.10.02	Further Issue
22.03.04	12,99,620	10	10	Cash	1,29,96,200	3,80,00,000	22.03.04	Further Issue
29.09.04	15,20,000	10	10	—	1,52,00,000	5,32,00,000	29.09.04	Bonus Issue in the ratio of 2:5
27.08.05	8,91,066	10	25	Cash	89,10,660	6,21,10,660	27.08.05	Further Issue
Total	62,11,066				6,21,10,660			

3. Promoters' Contribution and lock-in-period:

The following Equity Shares of the Promoters shall be locked-in for a period of three years as a part of Promoters' Contribution:

A. Promoters

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)
1.	Satish Kumar Agarwal	12.09.94	Cash	10	10	10			
		20.01.95	Cash	60,200	10	10			
		28.06.95	Cash	5,000	10	10			
		07.03.97	Cash	10,000	10	10			
		12.05.99	Cash	20,000	10	10			
		21.03.01	Cash	39,000	10	10			
		28.12.01	Cash	30,000	10	10			
		04.02.03	Cash	98,020	10	10			
		29.09.04	Bonus 2:5	1,04,892	10	Bonus			
		27.08.05	Cash	1,00,000	10	25			
	Promoters Contribution in the public issue	Cash	1,00,000	10	25				
	Total			5,67,122			2.98	2.78	3 Years
2.	Pardeep Kumar Agarwal	12.09.94	Cash	10	10	10			
		20.01.95	Cash	27,200	10	10			
		07.03.97	Cash	11,000	10	10			
		28.02.02	Cash	40,000	10	10			
		04.02.03	Cash	93,300	10	10			
		07.06.04	Cash	52,000	10	10			
	29.09.04	Bonus 2:5	89,404	10	Bonus				

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully Paid-up	Consid-eration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)
		01.10.04	Cash	21,000	10	10			
		27.08.05	Cash	1,00,000	10	25			
		Promoters Contribution in the public issue	Cash	1,00,000	10	25			
		Total		5,33,914			2.81	2.62	3 Years
3.	Sunil Kumar Agarwal	12.09.94	Cash	10	10	10			
		20.01.95	Cash	20,000	10	10			
		12.05.99	Cash	5,000	10	10			
		21.03.01	Cash	35,000	10	10			
		28.02.02	Cash	70,000	10	10			
		04.02.03	Cash	45,000	10	10			
		05.12.03	Cash	50,000	10	10			
		22.03.04	Cash	8,000	10	10			
		07.06.04	Cash	60,000	10	10			
		29.09.04	Bonus 2:5	1,17,204	10	Bonus			
		Promoters Contribution in the public issue	Cash	1,00,000	10	25			
		Total		5,10,214			2.68	2.50	3 Years
4.	Shafali Agarwal	20.01.95	Cash	5000	10	10			
		28.06.95	Cash	25000	10	10			
		20.02.98	Cash	5000	10	10			
		21.03.01	Cash	30000	10	10			
		28.02.02	Cash	55,000	10	10			
		04.02.03	Cash	1,08,510	10	10			
		05.12.03	Cash	1,00,000	10	10			
		22.03.04	Cash	5,000	10	10			
		07.06.04	Cash	25,020	10	10			
		29.09.04	Bonus 2:5	1,43,412	10	Bonus			
		Promoters Contribution in the public issue	Cash	2,00,000	10	25			
		Total		7,01,942			3.69	3.44	3 Years
5.	Kamdhenu Overseas (P) LTD	22.03.04	Cash	4,00,000	10	10			
		07.06.04	Cash	1,50,000	10	10			
		29.09.04	Bonus	2,20,000	10	Bonus			
		Promoters Contribution in the public issue	Cash	10,00,000	10	25			
		Total		17,70,000			9.31	8.68	3 Years
		Grand Total		40,83,192			21.47	20.02	

* The Lock in Period shall commence from the date of allotment of Equity Shares in the present Public Issue.

Other than the above, the entire pre-issue capital of the Company shall be locked in for a period of one year from the date of allotment of shares in the public issue.

4. Aggregate Shareholding of the Promoters and Promoters Group and Lock-in Period.

A. Promoters

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully Paid-up	Consid-eration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)	
1.	Satish Kumar Agarwal	12.09.94	Cash	10	10	10				
		20.01.95	Cash	60,200	10	10				
		28.06.95	Cash	5,000	10	10				
		07.03.97	Cash	10,000	10	10				
		12.05.99	Cash	20,000	10	10				
		21.03.01	Cash	39,000	10	10				
		28.12.01	Cash	30,000	10	10				
		04.02.03	Cash	98,020	10	10				
		29.09.04	Bonus 2:5	1,04,892	10	Bonus				
		27.08.05	Cash	1,00,000	10	25				
			Promoters Contribution in the public issue	Cash	1,00,000	10	25			
			Total		5,67,122			2.98	2.78	3 Years
		2.	Pardeep Kumar Agarwal	12.09.94	Cash	10	10	10		
20.01.95	Cash			27,200	10	10				
07.03.97	Cash			11,000	10	10				
28.02.02	Cash			40,000	10	10				
04.02.03	Cash			93,300	10	10				
07.06.04	Cash			52,000	10	10				
29.09.04	Bonus 2:5			89,404	10	Bonus				
01.10.04	Cash			21,000	10	10				
27.08.05	Cash			1,00,000	10	25				
	Promoters Contribution in the public issue			Cash	1,00,000	10	25			
	Total				5,33,914			2.81	2.62	3 Years

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)
3.	Sunil Kumar Agarwal	12.09.94	Cash	10	10	10			
		20.01.95	Cash	20,000	10	10			
		12.05.99	Cash	5,000	10	10			
		21.03.01	Cash	35,000	10	10			
		28.02.02	Cash	70,000	10	10			
		04.02.03	Cash	45,000	10	10			
		05.12.03	Cash	50,000	10	10			
		22.03.04	Cash	8,000	10	10			
		07.06.04	Cash	60,000	10	10			
		29.09.04	Bonus 2:5	1,17,204	10	Bonus			
			Promoters Contribution in the public issue	Cash	1,00,000	10	25		
	Total			5,10,214			2.68	2.50	3 Years
4.	Shafali Agarwal	20.01.95	Cash	5000	10	10			
		28.06.95	Cash	25000	10	10			
		20.02.98	Cash	5000	10	10			
		21.03.01	Cash	30000	10	10			
		28.02.02	Cash	55,000	10	10			
		04.02.03	Cash	1,08,510	10	10			
		05.12.03	Cash	1,00,000	10	10			
		22.03.04	Cash	5,000	10	10			
		07.06.04	Cash	25,020	10	10			
		29.09.04	Bonus 2:5	1,43,412	10	Bonus			
			Promoters Contribution in the public issue	Cash	2,00,000	10	25		
	Total			7,01,942			3.69	3.44	3 Years
5.	Kamdhenу Overseas (P) LTD	22.03.04	Cash	4,00,000	10	10			
		07.06.04	Cash	1,50,000	10	10			
		29.09.04	Bonus Promoters Contribution in the public issue	2,20,000	10	Bonus			
			Cash	10,00,000	10	25			
	Total			17,70,000			9.31	8.68	3 Years
	Total (A)			40,83,192			21.47	20.02	
B. Promoter Group									
1	Achin Agarwal	20.1.95	Cash	4,800	10	10			
		04.02.03	Cash	73,000	10	10			
		22.03.04	Cash	55,000	10	10			
		29.09.04	Bonus 2:5	53,120	10	Bonus			
			Promoters Contribution in the public issue	Cash	25,000	10	25		
	Total			2,10,920			1.11	1.03	1 Year

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)
2	Ayush Agarwal	20.01.95	Cash	4,000	10	10			
		04.02.03	Cash	25,000	10	10			
		29.09.04	Bonus 2:5	11,600	10	Bonus			
		Promoters Contribution in the public issue	Cash	50,000	10	25			
		Total		90,600			0.47	0.44	1 Year
3	Kartik Agarwal	20.01.95	Cash	8,000	10	10			
		04.02.03	Cash	73,000	10	10			
		29.09.04	Bonus 2:5	32,400	10	Bonus			
		Promoters Contribution in the public issue	Cash	25,000	10	25			
		Total		1,38,400			0.73	0.68	1 Year
4	Ishita Agarwal	20.1.95	Cash	7,500	10	10			
		22.03.95	Cash	5,000	10	10			
		04.02.03	Cash	11,000	10	10			
		22.03.04	Cash	27,000	10	10			
		29.09.04	Bonus 2:5	20,200	10	Bonus			
		Promoters Contribution in the public issue	Cash	60,000	10	25			
		Total		1,30,700			0.69	0.64	1 Year
5	Shatul Agarwal	20.1.95	Cash	7,500	10	10			
		04.02.03	Cash	71,500	10	10			
		22.03.04	Cash	21,000	10	10			
		07.06.04	Cash	40,000	10	10			
		29.09.04	Bonus 2:5	56,000	10	Bonus			
		27.08.05	Cash	18,200	10	25			
		Promoters Contribution in the public issue	Cash	75,000	10	25			
		Total		2,89,200			1.52	1.42	1 Year
6	Shreya Agarwal	20.01.95	Cash	8,500	10	10			
		29.09.04	Bonus 2:5	3,400	10	Bonus			
		Promoters Contribution in the public issue	Cash	50,000	10	25			
		Total		61,900			0.32	0.30	1 Year
7	Somaya Agarwal	04.02.03	Cash	26,900	10	10			
		22.03.04	Cash	30,000	10	10			
		29.09.04	Bonus 2:5	22,760	10	Bonus			
		Promoters Contribution in the public issue	Cash	65,000	10	25			
		Total		1,44,660			0.76	0.71	1 Year

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully	Consideration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)	
8	Pradeep Kumar Agarwal & Sons (HUF)	04.02.03	Cash	44,000	10	10				
		30.01.04	Cash	50,000	10	10				
		22.03.04	Cash	55,000	10	10				
		29.09.04	Bonus 2:5	59,600	10	Bonus				
		27.08.05	Cash	1,00,000	10	25				
			Promoters							
			Contribution in the public issue	Cash	50,000	10	25			
	Total			3,58,600			1.88	1.76	1 Year	
9	Sachin Agarwal	20.01.95	Cash	7,500	10	10				
		22.03.95	Cash	5,000	10	10				
		07.03.97	Cash	3,000	10	10				
		05.03.99	Cash	3,000	10	10				
		12.05.99	Cash	4,000	10	10				
		16.08.00	Cash	7,500	10	10				
		22.11.00	Cash	4,000	10	10				
		05.12.03	Cash	35,000	10	10				
		22.03.04	Cash	34,000	10	10				
		29.09.04	Bonus 2:5	41,200	10	Bonus				
		27.08.05	Cash	27,080	10	25				
			Promoters Contribution in the public issue	Cash	1,00,000	10	25			
			Total			2,71,280			1.42	1.33
10	Satish Kr. Agarwal & Sons (HUF)	07.03.97	Cash	27,000	10	10				
		04.02.03	Cash	50,000	10	10				
		22.03.04	Cash	15,000	10	10				
		29.09.04	Bonus 2:5	36,800	10	Bonus				
		27.08.05	Cash	1,27,100	10	25				
			Promoters Contribution in the public issue	Cash	1,00,000	10	25			
			Total			3,55,900			1.87	1.75
11	Sunil Kumar Agarwal & Sons (HUF)	29.08.97	Cash	10,000	10	10				
		21.03.01	Cash	25,000	10	10				
		22.03.04	Cash	13,000	10	10				
		29.09.04	Bonus 2:5	19,200	10	Bonus				
		27.08.05	Cash	1,27,080	10	25				
			Promoters Contribution in the public issue	Cash	1,00,000	10	25			
	Total			2,94,280			1.55	1.44	1 Year	
12	Geeta Agarwal	20.01.95	Cash	6,000	10	10				
		22.03.95	Cash	7,500	10	10				
		07.03.97	Cash	2,000	10	10				
		28.02.02	Cash	40,000	10	10				

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully	Consid-eration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)
		04.02.03	Cash	70,000	10	10			
		30.01.04	Cash	1,00,000	10	10			
		22.03.04	Cash	60,000	10	10			
		29.09.04	Bonus 2:5	1,14,200	10	Bonus			
		27.08.05	Cash	1,00,000	10	25			
		Promoters Contribution in the public issue	Cash	50,000	10	25			
		Total		5,49,700			2.89	2.70	1 Year
13	Priyanka Agarwal	04.02.03	Cash	50,000	10	10			
		05.12.03	Cash	30,000	10	10			
		22.03.04	Cash	120	10	10			
		29.09.04	Bonus 2:5	32,048	10	Bonus			
		27.08.05	Cash	26,560	10	25			
		Promoters Contribution in the public issue	Cash	70,000	10	25			
		Total		2,08,728			1.10	1.02	1 Year
14	Radha Agarwal	20.1.95	Cash	10,000	10	10			
		22.03.95	Cash	5,000	10	10			
		28.06.95	Cash	5,000	10	10			
		05.03.99	Cash	2,000	10	10			
		21.03.01	Cash	47,500	10	10			
		28.12.01	Cash	15,000	10	10			
		04.02.03	Cash	12,000	10	10			
		05.12.03	Cash	30,000	10	10			
		29.09.04	Bonus 2:5	50,600	10	Bonus			
		27.08.05	Cash	1,00,000	10	25			
		Promoters Contribution in the public issue	Cash	1,00,000	10	25			
		Total		3,77,100			1.98	1.85	1 Year
15	Sarita Agarwal	20.01.95	Cash	25,000	10	10			
		21.03.01	Cash	35,000	10	10			
		04.02.03	Cash	1,57,000	10	10			
		05.12.03	Cash	75,000	10	10			
		22.03.04	Cash	7,000	10	10			
		29.09.04	Bonus 2:5	1,19,600	10	Bonus			
		27.08.05	Cash	31,600	10	25			
		Promoters Contribution in the public issue	Cash	1,00,000	10	25			
		Total		5,50,200			2.89	2.70	1 Year
16.	Saurabh Agarwal	20.01.95	Cash	7,500	10	10			
		22.03.95	Cash	5,000	10	10			
		07.03.97	Cash	5,000	10	10			
		05.03.99	Cash	10,500	10	10			
		12.05.99	Cash	5,000	10	10			

Sl. No.	Name of Promoters	Date of Allotment/ Transfer and Made Fully	Consideration	No. of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital (without GS)	% of Post Issue Capital (with GS)	Lock in period* (Years)
		21.03.01	Cash	47,500	10	10			
		04.02.03	Cash	24,500	10	10			
		05.12.03	Cash	30,000	10	10			
		22.03.04	Cash	42,500	10	10			
		29.09.04	Bonus 2:5	71,000	10	Bonus			
		27.08.05	Cash	18,000	10	25			
		Total		2,66,500			1.41	1.31	1 Year
17.	Shailender Kumar and Sons (HUF)	Promoters Contribution in the public issue	Cash	50,000	10	25			
		Total		50,000			0.26	0.24	1 Year
18.	Shiwani Agarwal	Promoters Contribution in the public issue	Cash	75,000	10	25			
		Total		75,000			0.39	0.37	1 Year
19.	Kamdhenu Industries Limited	Promoters Contribution in the public issue	Cash	8,29,700	10	25			
		Total		8,29,700			4.36	4.07	1 Year
20.	Kamdhenu Cement Industries Limited	Promoters Contribution in the public issue	Cash	2,00,000	10	25			
		Total		2,00,000			1.05	0.98	1 Year
		Total (B)		54,53,368			28.65	26.73	
		Grand Total (A+ B)		95,36,560			50.12	46.76	

* The Lock in Period shall commence from the date of allotment of Equity Shares in the present Public Issue.

5. The equity shares held by persons other than Promoters may be transferred to any other person holding shares prior to the issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
6. The equity shares to be held by the promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the equity shares held by promoters, which are locked in, may be transferred to and among promoter/ promoter group or to a new promoter or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.

7. The Pre-issue and Post-issue shareholding pattern of Promoters and Promoters Group is as under:

Category	Pre-Issue		Post-Issue		
	No. of shares @ Rs. 10/- each	% Holding	No. of shares @ Rs. 10/- each	% Holding (Without GS)	% Holding (With GS)
Promoters					
Satish Kr. Agarwal	4,67,122	7.52	5,67,122	2.98	2.7
Pradeep Kr. Agarwal	4,33,914	6.99	5,33,914	2.81	2.6
Sunil Kr. Agarwal	4,10,214	6.60	5,10,214	2.68	2.5
Shaifali Agarwal	5,01,942	8.08	7,01,942	3.69	3.44
Kamdhenu Overseas Pvt. Ltd.	7,70,000	12.40	17,70,000	9.31	8.68
Sub Total (A)	25,83,192	41.59	40,83,192	21.47	20.02
Promoter's Group					
a. Immediate relatives of the Promoters					
Achin Agarwal	1,85,920	2.99	2,10,920	1.11	1.03
Ayush Agarwal	40,600	0.65	90,600	0.47	0.44
Kartika Agarwal	1,13,400	1.83	1,38,400	0.73	0.68
Ishita Agarwal	70,700	1.14	1,30,700	0.69	0.64
Shatul Agarwal	2,14,200	3.46	2,89,200	1.52	1.42
Shreya Agarwal	11,900	0.19	61,900	0.32	0.30
Somaya Agarwal	79,660	1.28	1,44,660	0.76	0.71
Sachin Agarwal	1,71,280	2.75	2,71,280	1.42	1.33
Geeta Agarwal	4,99,700	8.04	5,49,700	2.89	2.70
Priyanka Agarwal	1,38,728	2.24	2,08,728	1.10	1.02
Radha Agarwal	2,77,100	4.46	3,77,100	1.98	1.85
Sarita Agarwal	4,50,200	7.25	5,50,200	2.89	2.70
Saurabh Agarwal	2,66,500	4.29	2,66,500	1.41	1.31
Shiwani Agarwal	—	—	75,000	0.39	0.37
Sub Total (B)	25,19,888	40.57	33,64,888	17.68	16.50
b. Companies in which 10% or more of the share capital is held by the Promoters/ an immediate relative of the Promoter/ a firm or HUF in which the Promoters or any one or more of their immediate relative is a member.					
Pradeep Kumar Agarwal & Sons (HUF)	3,08,600	4.97	3,58,600	1.88	1.76
Satish Kumar Agarwal & Sons (HUF)	2,55,900	4.12	3,55,900	1.87	1.75
Sunil Kumar Agarwal & Sons (HUF)	1,94,280	3.13	2,94,280	1.55	1.44
Shailender Kumar and Sons (HUF)	—	—	50,000	0.26	0.24
Kamdhenu Industries Limited	—	—	8,29,700	4.36	4.07
Kamdhenu Cement Industries Limited	—	—	2,00,000	1.05	0.98
Sub Total (C)	7,58,780	12.22	20,88,480	10.97	10.24

Category	Pre-Issue		Post-Issue		Post-Issue % Holding (With GS)
	No. of shares @ Rs. 10/- each	% Holding	No. of shares @ Rs. 10/- each	% Holding (Without GS)	
c. Companies in which Company mentioned in b. above holds 10% or more of the share capital	—	—			
d. HUF or Firm in which the aggregate share of the promoters and their immediate relatives is equal to or more than 10% of the total	—	—			
e. All persons whose shareholding is aggregated for the purpose of disclosing in the Prospectus as “Shareholdings of the Promoters Group”	—	—			
Grand Total	58,161,860	94.38	95,36,560	50.12	46.76

8. The Pre-issue and Post-issue shareholding pattern of our Company is as under:

Category	Pre-Issue		Post-Issue		
	No. of shares @ Rs. 10/- each	% Holding	No. of shares @ Rs. 10/- each	% Holding (Without GS)	% Holding (With GS)
Promoters	25,83,192	41.59	40,83,192	21.47	20.02
Promoters Group	32,78,668	52.79	54,53,368	28.65	26.74
Other	3,49,206	5.62	[.]	[.]	[.]
NRI's / OCB's / FII's	[.]	[.]	[.]	[.]	[.]
Indian Mutual Funds and Financial Institutions	[.]	[.]	[.]	[.]	[.]
Indian Public	[.]	[.]	[.]	[.]	[.]
Total	62,11,066	100	1,90,11,066	100	100

9. Equity Shares held by top 10 shareholders

(a) Our top ten shareholders and the Equity shares held by them on the date of filing the Prospectus with ROC are as follows:

SL. NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% HOLDING
1	Kamdhenu Overseas (P.) Ltd.	7,70,000	12.40
2	Shafali Agarwal	5,01,942	8.08
3	Geeta Agarwal	4,99,700	8.04
4	Satish Kr. Agarwal	4,67,122	7.52
5	Sarita Agarwal	4,50,200	7.25
6	Pardeep Kr. Agarwal	4,33,914	6.99
7	Sunil Kr. Agarwal	4,10,214	6.60
8	Pradeep Kumar Agarwal & Sons (HUF)	3,08,600	4.97
9	Radha Agarwal	2,77,100	4.46
10	Saurabh agarwal	2,66,500	4.29
	Total	43,85,292	70.6

(b) Our top ten shareholders and shares held by them ten days prior to the date of filing the Prospectus with ROC are as follows:

SL. NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% HOLDING
1	Kamdhenu Overseas (P.) Ltd.	7,70,000	12.40
2	Shafali Agarwal	5,01,942	8.08
3	Geeta Agarwal	4,99,700	8.04
4	Satish Kr. Agarwal	4,67,122	7.52
5	Sarita Agarwal	4,50,200	7.25
6	Pardeep Kr. Agarwal	4,33,914	6.99
7	Sunil Kr. Agarwal	4,10,214	6.60
8	Pradeep Kumar Agarwal & Sons (HUF)	3,08,600	4.97
9	Radha Agarwal	2,77,100	4.46
10	Saurabh agarwal	2,66,500	4.29
	Total	43,85,292	70.6

(c) Our top ten shareholders and shares held by them two years prior to the date of filing the Prospectus with ROC are as follows:

SL. NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% HOLDING
1	Satish Kr. Agarwal	2,62,230	10.49
2	Shafali Agarwal	2,28,510	9.14
3	Sarita Agarwal	2,17,000	8.68
4	Sunil Kr. Agarwal	1,75,010	7.00
5	Pradeep Kr. Agarwal	1,71,510	6.86
6	Narayani Trading (P) Ltd.	1,50,000	6.00
7	Rasalika Trading & Investment Co. (P.) Ltd	1,50,000	6.00
8	Geeta Agarwal	1,25,500	5.02
9	Sourabh Agarwal	1,05,000	4.20
10	Megatronix System (P) Ltd.	1,00,000	4.00
	Total	16,84,760	67.38

10. As per the requirement of Clause 3 (1)(a) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; necessary disclosure in respect of allotment of Equity Shares in the present Public Issue to promoter's group as part of Promoter's Contribution in the Issue is mentioned hereunder:

The identity of the acquirer / allottee who has agreed to acquire the shares	Disclosed under Sr. No. 4 of "Notes to Capital Structure"
The purpose of acquisition / allotment	Towards Promoter's Contribution
Consequential Changes in Voting Rights	The voting rights will be changed based upon subscription by the Promoter's Group, as disclosed under Sr. No. 7 of "Notes to Capital Structure"
Consequential Changes in the Shareholding Pattern of the Company, if any	Disclosed under Sr. No. 7, 8 of "Notes to Capital Structure"
Consequential Changes in the Board of Directors of the Company, if any	No
Whether such allotment would result in change in control over the Company	No

In view of the aforesaid disclosures, nothing contained in Regulations 10, Regulation 11 and Regulation 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; shall apply to the allotment of Equity Shares in the present Public Issue to promoter's group as part of Promoter's Contribution in the Issue.

11. The details of sale/ purchase/ financing of shares by Promoters/Directors:

The promoters Group/Directors have not purchased and/or sold/financed any shares of the Company during the past 6 months.

12. The promoters' contribution will be brought-in in not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from Companies.
13. The Company/Promoters/Director/Lead Manager have not entered in to buyback/standby or similar arrangements for purchase of securities issued by the Company through this Prospectus.
14. The specific written consent from shareholders has been obtained for inclusion of their securities as part of promoters' contribution subject to lock-in. The same will not be disposed / sold / transferred by the promoters during the period starting from the date of filing the Prospectus with the Board till the date of commencement of lock-in period as stated in this prospectus.
15. Permanent /regular employees can also apply in the "Net offer to the Public" portion.
16. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying equity shares of or for a value of not more than Rs. 1.00,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares of a value more than Rs.1,00,000/- and corporate bodies/institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
17. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment being equal to 200 shares, which is the minimum application size in this Issue, while finalizing the allotment.
18. In the event of over-subscription, Allotment will be on proportionate basis as detailed in Para on "Basis of Allotment"
19. The equity shares offered through this public issue shall be made fully paid up on allotment.
20. In case of under subscription in net offer to public portion, spillover to the extent of under subscription shall be permitted from the reserved category to net offer to the public portion.
21. The Company has not issued any shares out of revaluation reserves.
22. Shares issued for consideration other than cash
On September 29, 2004, the Company has issued 15,20,000 bonus shares in the ratio of 2 shares for every 5 shares held in the Company by capitalization of Rs. 152.00 Lacs from free reserves
23. The shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
24. The Company does not currently have any Employee Stock Option Plan.
25. There are no "bridge loans" from any Bank taken by the Company against the proceeds of the issue.
26. No single applicant can make an application for number of shares, which exceeds the number of shares offered.
27. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed..
28. The Company presently does not have any intention or proposal to alter its capital structure for a period of six 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 exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company goes in for acquisitions and joint ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
29. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.
30. No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made either by the Company or the promoter to the persons who receive firm allotment in this Public Issue.
31. The Company had 28 members as on 31.12.2005

OBJECTS OF THE ISSUE

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

- a. To meet the long term working capital requirements;
- b. To meet the cost of setting up of corporate office
- c. To meet the expenditure on lease deposits and miscellaneous fixed assets for setting up stock yards;
- d. To meet the expenses of this issue.

The other object of the issue is to get the shares listed on the Stock Exchange(s) and to provide liquidity to our existing investors.

The main objects clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised by the Company, through the Issue.

Fund Requirements:

Particulars	Amount (Rs. Lacs)
Working Capital Requirements	2888.15
Setting up of Corporate Office	250.00
Lease Deposits & Miscellaneous Fixed Assets for Stock Yards	59.00
Expenses of the Issue	180.00
Total Funds Requirements	3377.15

Means of Finance:

Particulars	Amount (Rs. Lacs)
Initial Public Offering	3200.00
Internal Accruals	177.15
Total Funds	3377.15

In case of shortfall, if any, the same shall be further met out of internal accruals. The internal accruals available to the Company in event of shortfall during execution of objects of Issue are to the extent of Rs. 4.00 Crores in normal course of business. If there is a need, Company will additionally mobilize funds by liquidating a portion of land (total land being 79.85 acres) held at Orissa. Excess money, if any, will be utilized for general corporate purpose including but not restricted to repayment of loans. The project has not been appraised by external agencies and as such all the fund requirements are based on management estimates.

Appraisal

The project has not been appraised by any external agency and as such all the funds requirements are based on management estimates.

a. Working Capital Requirements:

At present we have Franchisee arrangements under which the Company allows the Franchisee units to manufacture Steel bars under the Brand name 'Kamdhenu' under strict quality regime laid down by the Company. The Franchisee markets the Products at its own using Marketing network of Kamdhenu and paying the Company Royalty on Sales per tonne basis.

Reasons for Raising Working Capital

As a part of marketing strategy, while continuing with above arrangement the Company has shifted its focus slightly and now we intends to develop and enlarge the business operations by integrating Franchisee route with setting up of Stock Yards at various strategic locations. The materials required for these yards will be sourced from the nearby Franchisees, who are manufacturers of Kamdhenu Steel TMT/ CTD Bars. The company will buy material from these Franchisee Units and store them at its own Stock Yards being set up for the purpose. The material stored at Stock Yards will be supplied to dealers and stockists and help the Company to distribute Company's Products across geographies. The Company will avoid setting up of its own Manufacturing Units involving huge Capital cost but still draw advantage of market share. In addition Company will continue get Royalty from these Franchisee Units besides realizing a higher price by selling the Products in the market. The main investment in setting up of these Stock Yards is requirement of Capital to lift the material from Franchisee units against Cash payment and supplying them to dealers and distributors on normal credit. For details of Franchisee Units and Location of Stock Yards please refer to page 51 of Prospectus.

Assumptions

It is estimated that we will be require to keep 18 days supplies in Stock Yards calculated @ of 600MT per stock yard i.e a total of 6000 MT for all ten Stock Yards taken together. The cost per tonne is estimated at Rs 22090/- per metric tonne involving a capital outlay of Rs 1325.40 Lacs. In addition sundry debtors are estimated to equivalent to 21 days sales involving a sum of Rs 1562.75 Lacs. There will be no Creditors since materials will be lifted against Cash payment. The additional working Capital requirement as on 31st March 2007 is thus estimated at 2888.15 Lacs as detailed below.

Further as the company will do trading activities the assumptions regarding capacity utilization, raw materials, work-in progress are not required to be computed.

Period

1. Stock – The stock has been taken for 18 days.
2. Debtors- The debtors has been taken for 21 days.
3. Creditors- No creditor period has been taken as the Company will lift entire material at cash.

Working Capital Calculation:

Particulars	Qty. MT	Amount in Rs.	31 st March, 2007 (Rs. in Lacs)
A. MATERIALS AT VARIOUS STOCK YARDS- 18 DAYS STOCKS –M/T	6000		
B. RATE PER M/T (IN RUPEES)		22,090	
C. VALUE (AT COST) (A x B)			1,325.40
D. SUNDRY DEBTORS – EQUIVALENT TO 21 DAYS SALES			1,562.75
E. TOTAL CURRENT ASSETS (C + D)			2,888.15
F. LESS : SUNDRY CREDITORS			—
G. TOTAL (E - F)			2,888.15

All the above projections are based on management estimate

Note: The entire working capital requirement of the Company for the proposed activities will be met through issue proceeds only and no part will be met through Bank Finance .

Existing Working Capital Facilities

Presently the Company is enjoying the working capital facility to the tune of Rs. 350.00 lacs (Fund based Rs.250.00 Lacs and Non Fund based Rs. 100/- Lacs) from State Bank of Biakner and Jaipur, Bhiwadi.. There is no default in this regard.

For details of audited figures of Current Assets and Current Liabilities etc. please refer to 'Financial Information' appearing on page no. 74 of the Prospectus.

b. Expenditure on Corporate Office :

The expenditure on setting up of corporate office, is estimated to cost Rs. 250.00 lacs and includes cost of land and building appurtenant thereto and cost of soft furnishing and required infrastructure facilities. Our company is in the process of identifying suitable site / premises for the same, although we have identified two sites we have not finalized any site / premises for the said purposes.

c. Expenditure on Lease Deposits and Miscellaneous Fixed Assets for Stock Yards:

Total expenditure on Lease Deposits and Miscellaneous Fixed Assets for Stock Yards has been calculated on the basis of expected expenditure on Lease Deposits and Miscellaneous Fixed Assets at 10 places where stock yards are proposed to be set up.

It is assumed that commercial operations at proposed Stock Yards at 10 different locations in the country will be operational in phases from December 2005.

The expected expenditure on Lease Deposits & Miscellaneous Fixed Assets for Stock Yards is as follows:

Particulars	Amount (Rs. in Lacs)
Expenditure on Lease Deposits	24.00
Expenditure on Miscellaneous Fixed Assets	35.00
Total	59.00

All the above projections are based on management estimate.

d. Expenses of this Issue: The expenses for this issue includes management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 180 Lacs being, which will be paid by the Company.

Particulars	Amount (Rs. In Lakhs)
Lead managers, Registrar fee and selling expenses	65.00
Advertising and Marketing Expenses	50.00
Printing and Stationery	25.00
Others(Listing fee, fee to Legal Advisors etc.)	15.00
Miscellaneous	25.00
TOTAL	180.00

Implementation Schedule

Activity	Start	Finish
Acquisition of Land for stockyards	Sep 2005	April 2006
Site Development	December 2005	July 2006
Agreement with Franchisees	Ongoing process	—
Commencement of Commercial Operations at stockyards	December 2005	July 2006
Purchase/Setup of Corporate Office	March 2006	December 2006

Funds Deployed:

Actual expenditure incurred on the Objects as on March 4, 2006 is as follows:

Particulars	Amount (Rs. in Lac)
Deployment of Funds	
Working Capital (including advances to suppliers/franchisee)	852.08
Public Issue Expenses (including service tax)	46.74
Miscellaneous Fixed Assets	0.41
Advance against issue expenses	1.72
Balance with SBBJ Bank, Gurgaon in IPO A/c	26.49
Total	927.44
Means of Finance:	
Promoters contribution in IPO	918.68
Sundry creditors against issue expenses	1.64
Internal Accruals	7.12
Total	927.44

Sources of Financing of Funds already deployed:

The deployment of funds were made from Internal accruals/ Promoters Contribution in the Issue of the Company

The Yearwise breakup of proposed deployment of fund is mentioned hereunder:

Deployment of Funds	Financial year 05-06		Financial year 06-07	Total
	Already Incurred till 04.03.06	To be Incurred upto 31.03.06	To be Incurred upto 31.03.07	
Working capital	852.08	20.00	2016.07	2888.15
Expenses on lease deposit	—	—	24.00	24.00
Miscellaneous fixed assets	0.41	—	34.59	35.00
Public Issue expenses	46.74	35.00	96.54	178.28
Advance against issue expenses	1.72	—	—	1.72
Setting up of Corporate office	—	—	250.00	250.00
Total	900.95	55.00	2421.20	3377.15

Interim Use of Funds:

Pending utilization of funds as stated above, we intend to invest the proceeds of this issue in high quality, interest/dividend bearing short term/ long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by our Board or a duly authorised committee thereof.

BASIS FOR ISSUE PRICE

QUALITATIVE FACTORS

1. We are manufacturers of CTD Steel Bars, TMT Steel Bars etc.
2. The market brand of the Company viz. "Kamdhenu" is a niche brand of the Industry.
3. Our products are available accross India through a chain of dedicated and loyal network of over 1,750 dealers, distributors and stockists build up over the last decade.
4. Our Company has been consistent profit making company for the last seven consecutive years.
5. Our products confirms to BIS Standard 1786: 1985
6. Our's is a reinforcement bars manufacturing Company having ISO: 9001: 2000 Quality Management System, since 1997.
7. The Company is the Trade Name Licensee of the prestigious "TEMPCORE" Trademark for rebars, issued by Centre De Recherches Metallurgiques, BRUSSELS (Belgium).

QUANTITATIVE FACTORS

1. **Earning Per Share (EPS) of Equity Share having face value of Rs.10 each**
(as adjusted for changes in capital)

Year	EPS (Rs.)	Weight
FY 2002-2003	1.01	1
FY 2003-2004	4.52	2
FY 2004-2005	3.22	3
Nine Months period ended 31st December, 2005 (Annualised)	4.07	4
Weighted Average	3.60	

Note:

- a. EPS calculations have been done in accordance with Accounting Standard 20 – "Earnings per share" issued by the Institute of Chartered Accountants of India.
 - b. The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2, 3 and 4 for the fiscal years ending March 31, 2003, 2004, 2005 and for the Nine Months ended 31st December, 2005 respectively.
2. **Price/Earning (P/E) ratio** in relation to Issue Price of Rs. 25 per share
 - a. Based on Nine month period ended 31st December, 2005 EPS of Rs.4.07 – P/E is 6.14
 - b. Based on Financial Year ending 31st March, 2005 at EPS of 3,22 the PE Ratio is 7.76
 - c. Industry P/E(We fall in Category of Secondary steel producers engaged in manufacture of Long Products). There is no other listed company engaged in manufacturing of long products exclusively, hence Industry P/E ratio is not available
3. **Average Return on Net Worth ("RoNW")**

Year	RoNW (%)	Weight
FY 2002-2003	6.04	1
FY 2003-2004	18.47	2
FY 2004-2005	22.17	3
Nine Months period ended 31st December, 2005 (Annualised)	22.29	4
Weighted Average	19.87	

Note:

- a. The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/regroupings pertaining to earlier years.
4. **Minimum Return on Increased Net Worth to maintain pre-issue EPS-17.85%**

5. **Net Asset Value per share ("NAV")**

a. NAV as on December 31, 2005	Rs. 18.25
b. Issue Price	Rs. 25.00
c. NAV after the Issue :	
without considering Green Shoe Option	Rs. 22.80
With Green Shoe Option	Rs. 22.94

6. **Comparative Figures (for the Period ended 31st December, 2005)**

We are operating in the Steel Bar segment at a combined installed capacity level of 70500.00 Metric Tonnes Per Annum for TMT/CTD Bars and M.S. Ingots at actual production level of 45404.690 Metric Tonnes for the period ended 31st December, 2005. Though there are companies operating in this segment such as TISCO, SAIL, etc, they operate at significantly different levels of production and having very different economies of scale altogether. Hence, these factors do not allow us to do our benchmarking vis-à-vis peer group company. The closest in terms of peer group company is Rathi Ispat Limited, however its economies, product mix, etc. is also not strictly comparable to us

Particulars	EPS (Rs.)	P/E (ratio)	NAV (Rs.)
Kamdhenu Ispat Limited (For the period ended 31st December, 2005 (Annualised))	4.07	6.14 (considering issue price of Rs. 25/-)	18.25
Rathi Ispat Limited*	6.4	7.3	50.5

*(Source: Capital Market September 26 - October 9, 2005).

7. The face value of Equity Shares of KIL is Rs 10/- per share and the issue price is 2.5 times of the face value. The issue Price of Rs. 25/- has been determined by the Company in consultation with the Lead Manager, on the basis of assessment of market demand for the Equity Shares is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

The Company has been advised by S.Singhal & Co., Auditors of the Company, vide their letter dated January 17,2006 that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, interalia, will be available to the Company and the Members. However, an investor is advised to consider in his own case the tax implications of an investment in the shares from time to time. The Statement of Tax Benefits certificate from the Tax Auditor of the Company is reproduced below:

To
The Board of Directors
Kamdhenu Ispat Ltd.
5/2, Punjabi Bagh
New Delhi -26

Dear Sir

As Per the existing provisions of the Income Tax Act,1961 and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to M/s KAMDHENU ISPAT LTD and its shareholders. The benefits discussed below are not exhaustive. The statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the charging tax laws and 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 have not express any opinion to provide any assurance as to whether:

- (i) the company or its share holders will continue to obtain these benefits in future; or
- (ii) the condition prescribed for availing the benefits have been/ would be met with.

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act,1961 (The Act).

1. Under Section 32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
2. Subject to compliance of certain conditions laid down in section 35 (1) (iv) of the Act, in respect of any capital expenditure incurred other than the expenditure incurred on the acquisition of any land, on scientific research related to the business of the Company, to the extent of expenditure incurred.
3. The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of share under Section 35D (2) (c) (iv) of the Act, subject to limits specified in sub section (3).

(B). BENEFITS TO THE MEMBERS:

I. UNDER INCOME TAX ACT, 1961:

(a) RESIDENT MEMBERS:

1. Under section 10(34) of the Income tax Act dividend on or after April 2003 is exempted in the hands of individual and HUF and as per section 115(O) of the Income tax Act any amount declared, distributed or paid by such company by way of dividend on or after the first day of April 2003 shall be taxed @ 12.5% by the company.
2. In terms of section 10(23D) of the Income Tax Act, all mutual funds setup by public sector bank or public financial institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the reserve bank of India, subject to the conditions specified therein are eligible for exemption from Income Tax on all their income, including income from investments in shares of the company.
3. In accordance with and subject to the conditions and to the extent specified in Section 54 EC of the Income Tax Act, 1961, the Shareholders would be entitled to exemption from long Term Capital Gains on sale of shares of the company upto investment made out of long Term Capital Gains arising from the sale of such shares in any specified Bonds issued by National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), Rural Electrification Corporation of India (RECI), Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB).
4. In case of shareholder, being an individual or Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Income Tax Act, 1961 the shareholders would be entitled to exemption from Long Term Capital Gains on sale of their shares in the company upon investment of

Net consideration in purchase/construction of a residential house.

5. Under Section 111A of the Income-tax Act, 1961 and other relevant provision of the Act, short term capital gains, (i.e., if shares are held for a period of less than 12 months) arising on transfer of shares of the company shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following condition are satisfied.
 - i. the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - ii. Such transaction is chargeable to securities transaction tax.
6. As per the provision of section 112 of the Act, long term capital gains that are not exempted under section 10(38) of the Act, would be subject to tax at a rate of 20 percent (plus applicable surcharge and Education Cess of such tax and surcharge). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge) and Education Cess as imposed by the finance (No. 2) Act 2004.
7. Long Term capital gain on transfer of equity share or unit of an equity oriented fund not chargeable to tax where
 - (a) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No.2) Act 2004 comes in to force.
 - (b) Such Transaction is chargeable to Securities Transaction Tax under that chapter. Sec.10(38), applicable from the assessment year 05-06)

(B) NON-RESIDENT INDIANS / NON-RESIDENT MEMBERS [Other than FIIs and Foreign venture capital investors]:

- i. Under section 115 –I of the Act, a non–resident Indian (i.e an individual being a citizen of India or person of Indian origin who is not a ‘resident’) has an option to be governed by the provisions of Chapter XXII – A of the Income Tax Act, 1961 viz. “ Special Provisions Relating to Certain Incomes of non - residents” which are as follows:
 - a. In case of Non-Resident Shareholders, if the shares in the company have been acquired or purchased with, or subscribed to, in convertible foreign currency, the Long Term Capital Gains on Sale of shares of the company(transfer of shares held for more than a period of 12 months) (in case not covered under section 10(38)of the act) shall be concessionally charged to tax at the rate of 10% (Plus Surcharge and Education Cess as applicable) (without indexation benefit but with protection against foreign exchange fluctuation) without aggregating any other income earned in India, which is taxed separately as specified in clause (b) to Section 115E.
 - b. The long Term Capital Gains on sale of shares (in case not covered under section 10(38)of the Act) in the company shall be exempted from tax upon re-investment of Net consideration in any specified assets as specified in sub section (1) to Section 115F within six months from the date of Transfer of shares. The amount so exempt from tax shall, however, be chargeable to tax, if the new asset is transferred or converted into money within three years from the date of acquisition of the specified new asset.
 - c. Long Term capital gain on transfer of securities not chargeable to tax in case covered by the securities transaction tax (Sec 10(38) applicable from the Assessment Year 2005-06.

A new clause (38) has been inserted with effect from the assessment year 2005-06 in section 10.

Conditions – The flowing conditions should be satisfied –

1. Taxpayer is an individual, HUF, firm or company or any other taxpayer.
2. The asset which is transferred is long-term capital asset.
3. Such asset is equity share in a company or units of equity oriented mutual fund. For this purpose “equity oriented fund” means a fund which satisfies the following points.

the investible funds are invested by way of equity shares in domestic companies to the extent of more than 50 percent of total proceeds of such fund (the percentage or equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures); and

- b. the fund has been set up under a scheme of a mutual fund specified section 10 (23D).
4. The transaction of sale of such equity share or unit is entered into in a recognized stock exchange in India.
5. Such transaction takes place on or after the date on which Chapter VII of the Finance (No 2) Bill, 2004 comes into force.
6. The transaction is chargeable to securities transaction tax.

Consequences if the above conditions are satisfied – If the above conditions are satisfied the long-term capital gain is not chargeable to tax, Conversely, if the above conditions are satisfied and assets are transferred at a

loss, such long –term capital loss cannot be set off against any income in the year in which the loss is incurred or in a subsequent year.

It may be noted that if the above conditions are satisfied but an assets are short-term capital assets, then the short-term capital gain is taxable at the rate of 10 percent (plus surcharge plus education cess) by virtue of section 111A.

- d. Under Section 115 G of the Income Tax Act, a Non-Resident Indian is not obliged to file a Return of Income under section 139(1) of the Income Tax Act, 1961, if his total income consists only of income from investments and/or long term capital gains earned on transfer of such investments and tax has been deducted at source from such income under the provision of Chapter XVII-B of the income Tax Act, 1961.
- e. Under Section 115H of the Income Tax Act, where a Non- Resident Indian becomes assessable to tax in India, in relation to any previous year, as resident in India in respect of his total income of any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with his Return of Income under Section 139 for the assessment year for which he is so assessable, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset, being asset of the nature referred to in sub clause (ii) to sub clause (v) of the sub clause(f) of Section 115C of the Income Tax Act, in which case the provisions of Chapter Xii A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
- f. Under Section 115(i) of the Income Tax Act, a Non-resident Indian has the option of not being governed by the provisions of Chapter XII-A for any assessment year, whereby his total income for that assessment year (including income arising out of investment in the Equity Shares of the Company) will be computed according to the other provisions of the Act and will, therefore, be eligible to get concessions applicable to a Resident individual and will be liable to tax accordingly.
- g. In terms of section 10(34) of the Income tax Act, 1961, any income by way of dividends referred to in section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax.
- h. Under the provisions of Section 48 of the Income Tax Act, 1961, Capital Gains arising to a Non-Resident from the transfer of Capital Asset being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in terms of such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company.
- i. Under Section 54 EC of the Income Tax Act, 1961, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act,) arising on the transfer of shares of the Company will be exempt from Capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - (a) National Bank for Agriculture and Rural development established under section 3 of the National bank for Agriculture and Rural Development Act, 1981.
 - (b) National Highway Authority of India constituted under section 3 of the National A Highway Authority of India Act, 1988.
 - (c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
 - (d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987;and
 - (e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
- j. Under Section 54 ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act,) on the transfer of shares of the company, as and when it is listed will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue. Within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
 - (a) the issue is made by a public company formed and registered in India.
 - (b) the Shares forming part of the issue are offered for subscription to the public.

- k. Under Section 54 F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(38) of The Act,) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year 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.
- l. Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long Term Capital gins (i. e is shares are held for a period exceeding 12 months) (incase not covered under section 10(38) of the Act,) arising on transfer of shares in the Company, shall taxed at the rate of 20 % (Plus applicable surcharge and education Cess) after indexation as provided in the second provision to section 48 . The amount of such tax should however, be limited to 10 % (plus applicable surcharge and education cess) without indexation, at the option to the shareholder, if the transfer is made after listing of shares.

(C) FOREIGN INSTITUTIONAL INVESTORS:

- a. In terms of section 10(34) of the Income tax Act, 1961, any income by way of dividends referred to in section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax.
- b. In our opinion, the equity Share under this offer document constitute eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.
- c. The income by way of short term capital gains or long term capital gains (not covered under section 10(38) of the Act) realized by FIIs on Sales of shares in the company would be taxed at the following rates as per section 115 AD of the Income Tax Act, 1961.
 - _ Short Term Capital Gains – 30 % (Plus Applicable Surcharge and Education Cess)
 - _ Long Term Capital Gains - 10 % Plus Applicable Surcharge and Education Cess (Without Cost Indexation and protection against Foreign Exchange Fluctuation.
 (Shares held in a company could be considered as a long term capital asset provided they are held for a period exceeding 12 months)
- d. Under Section 54 EC of the Income Tax Act, 1961, and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act,) arising on the transfer of shares of the Company will be exempt from Capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - (a) National Bank for Agriculture and Rural development established under section 3 of the National bank for Agriculture and Rural Development Act, 1981.
 - (b) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988.
 - (c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
 - (d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - (e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
- e. Under Section 54 ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act,) on the transfer of shares of the company, as and when it is listed will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
 - (a) the issue is made by a public company formed and registered in India.
 - (b) the Shares forming part of the issue are offered for subscription to the public.
 Subject to certain conditions laid down in Section 115AD of the Income Tax Act, Foreign Institutional Investors will be charged to tax at 20% (plus Surcharge and Education Cess as applicable) on dividend from shares of the Company, at 10% (plus Surcharge as applicable) on the Long Term Capital Gains arising from the transfer of the shares of the Company and at 30% (plus surcharge as applicable) on Short Term Capital Gains arising from the transfer of the shares of the Company.

Benefit available to Mutual Funds

In case of a shareholder being a mutual fund as per the provisions of section 10(23)(d) of the Income tax act, 1961 any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the official gazette specify in this behalf.

Benefit available to Venture Capital Companies/Funds

In case of a shareholder being a Venture Capital Companies/Funds as per the provisions of section 10(23)(FB) of the Income tax act, 1961 any income of Venture Capital Companies/Funds registered with the Securities and Exchange Board of India Act, 1992, would be exempt from income tax, subject to the conditions specified.

II. UNDER WEALTH TAX ACT, 1957:

The member of the company will not be liable to pay any Wealth Tax in respect of Shares held by them since the same are not covered under the definition of "ASSETS" under section 2 (EA) of the Wealth Tax Act, 1957.

III. UNDER GIFT TAX ACT, 1958:

With effect from 1st October 1998 no gift tax shall be levied on gift of shares of the Company.

NOTES:

1. All the above benefits are as per the Current Tax Law as amended by the Finance Act, 2005.
2. The stated benefits 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 Agreements, if any, between India and the Country in which the Nonresident 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.

For S.Singhal & Co.
Chartered Accountants
Partner
(R.K.Gupta)

Place : Bhiwadi
Dated: 17.01.2006

INDUSTRY OVERVIEW

A. Introduction

Scenario

Global Scenario

Under Global Market Scenario, China remained the world's largest Crude Steel producer in 2003 (220.12 million metric tons) followed by Japan (110.51 million metric tons) and USA (91.36 million metric tons). India occupied the 8th position (31.78 million metric tons). USA remained the largest importer of semi-finished and finished steel products in 2002 followed by China and Germany. With regard to export of semi-finished and finished steel products in 2002, Japan remained at No 1, followed by Russia and Ukraine. (Source: IISI)

In 2003 World Crude Steel output at 945 million metric tons was 6.7% more than the previous year. (Source: IISI)

Other significant recent developments in the global steel scenario are as under

- Under the auspices of the OECD the negotiations among the major steel producing countries for a *Steel Subsidy Agreement* (SSA) continued. A number of meetings of the Disciplines Study Group – a technical group constituted to examine issues relating to steel capacities and marketing distorting measures, were held in 2003 with the objective to agree on a complete negotiating text for the SSA by the middle of 2004.
- The global economy witnessed a gradual recovery from late 2003 onwards. While, the economies of USA, Japan and Europe continue on course towards economic recovery, the growth in China has become one of the major factors currently driving the world economy. With a projected GDP growth of more than double of the other world economies, China has by far become the fastest growing global economy.
- As a result of these economic developments IISI has projected an increase by 6.2% or 53 million metric tonnes in 2004 in the global consumption of finished steel products. IISI has split the growth into two separate areas, China and the Rest of the World (ROW). Steel consumption in China has been estimated to increase by 13.1% or 31 mmt in 2004.
- USA has repealed the safeguard measures on import of steel w.e.f. 5.12.2003 as a result of a ruling by a WTO Dispute Resolution Panel which held these measures to be illegal under the WTO regime.

Top Steel Producing Countries

Country	2004		2003	
	Rank	Tonnage	Rank	Million Tonnage
China	1	272.5	1	222.4
Japan	2	112.7	2	110.5
United States	3	98.9	3	93.7
Russia	4	65.6	4	61.
South Korea	5	47.5	5	46.3
Germany	6	46.4	6	44.8
Ukraine	7	38.7	7	36.9
Brazil	8	32.9	8	31.1
India	9	32.6	9	31.8
Italy	10	28.4	10	26.8

(Source: International Iron & Steel Institute)

Indian Scenario

Steel industry was one of the first to benefit from economic liberalization in India in the early 1990s as licensing was abolished, prices decontrolled and hurdles in distribution removed. The government also supported free inflows of foreign capital, technology, equipment and raw materials and as a consequence, several steel manufacturing units were set up in the private sector. In this favorable scenario, the share of the private sector in our crude steel production went up, considerably. Today, India is the ninth largest steel producer in the world with its annual production in 2004 at 32.6 Mn tons. This accounts for 3% of global steel production.

The economic reforms initiated by the government since 1991 have added a new dimension to industrial growth and to the steel industry in particular. The pro steel industry measures initiated by the government are listed here. Licensing requirements for capacity creation are abolished except for certain restrictions pertaining to any particular location. The steel industry has been removed from the list of industries reserved for the public sector and automatic approval of up to 100% foreign equity investment has been allowed. Price and distribution controls too been removed from January 1992 with a view to make the steel industry efficient and competitive.

Restrictions in external trade, both in import and export of steel have been removed and import duty on raw materials and finished steel has been reduced, gradually. Certain other policy measures taken by the government over the past decade like reduction in import duty of capital goods, convertibility of rupee on trade account, permission to mobilise resources from overseas financial markets, and rationalisation of tax structures have benefited the Indian steel industry.

Trends in Production and Consumption

The total production of finished carbon steel in India was 38.40 Mn tonnes in 2004-05 as compared to 14.33 Mn tonnes in 1991-92 – indicating an increase of 7.29% CAGR. The high share of secondary sector in finished steel production is largely due to substantial supplies of semis, the basic feed material procured from the main producers to convert into whichever shapes by rolling.

PRODUCTION OF FINISHED STEEL (In Mn tonnes)

Year	Main Producers	Secondary Producers	Grand Total	% of share of secondary Producers
1991-92	7.96	6.37	14.33	44.5%
1992-93	8.41	6.79	15.20	44.7%
1993-94	8.77	6.43	15.20	42.3%
1994-95	9.57	8.25	17.82	46.3%
1995-96	10.59	10.81	21.40	50.6%
1996-97	10.54	12.18	22.72	53.6%
1997-98	10.44	12.93	23.37	55.32%
1998-99	9.86	13.24	23.82	57.32%
1999-00	11.20	15.51	26.71	58.07%
2000-01	12.51	17.19	29.7	58.07%
2001-02	13.05	17.58	30.63	57.4 %
2002-03	14.39	19.28	33.67	57.27 %
2003-04	15.19	21.00	36.19	58.03 %
2004-05	15.575	22.825	38.400	59.44 %
2005-06 (Apr.-May)	2.415	3.800	6.215	61.14 %

(Source: Ministry of Steel – www.steel.nic.in)

Consumption of finished steel has increased from 14.84 Mn tonnes in 1991-92 to 33.54 Mn tonnes in 2004-05, which translated into a CAGR of 5.95%. However, this increase in consumption has not been uniform and has fluctuated from a high of 21.8% to low of 1.2 % reflecting uneven growth in steel demand.

CONSUMPTION OF FINISHED STEEL (Mn Tonnes)

Year	Consumption of finished steel	Percentage Increase
1991-92	14.84	—
1992-93	15.00	1.2%
1993-94	15.32	2.0%
1994-95	18.66	21.8%
1995-96	21.43	14.8%
1996-97	22.12	3.2%
1997-98	22.63	2.3%
1998-99	23.15	2.3%
1999-00	25.01	8.03%
2000-01	26.87	7.44%
2001-02	27.35	3.1%
2002-03	28.90	5.67%
2003-04	30.33	5.00%
2004-05	33.35	9.96%
2005-06 (Apr.-May)	4.96	

(Source: Ministry of Steel – www.steel.nic.in)

The private sector expanded its capacities after de-licensing the iron and steel industry. The share of Main Producers (i.e SAIL, RINL, TISCO) and secondary producers in the total production of Finished (Carbon) steel was 39% and 61% respectively during the period April-July, 2005.

However, compared with other countries, especially China, India's steel production and consumption levels are very low. Hence, as a market India has a good potential with a low per capita consumption level of around 20 kg as against 80 kg in China, 405 kg in Malaysia and 925 kg in South Korea.

Opportunities for growth of Iron and Steel in Private Sector

The New Industrial Policy Regime

The New Industrial policy has opened up the iron and steel sector for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under an automatic route. Ministry of Steel plays the role of facilitator, providing broad directions and assistance to new and existing steel plants, in the liberalized scenario.

The Growth Profile

(i) Steel

The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new/greenfield steel plants have also come up in different parts of the country based on modern, cost effective, state-of-the-art technologies.

At present, total (crude) steel making capacity is over 34 million tonnes and India, the 8th largest producer of steel in the world, has to its credit, the capability to produce a variety of grades and that too, of international quality standards. As per the ratings of the prestigious "World Steel Dynamics", Indian HR Products are classified in the Tier II category quality products – a major reason behind their acceptance in the world market. EU, Japan have qualified for the top slot, while countries like South Korea, USA share the same class as India.

(ii) Pig Iron

In pig iron also, the growth has been substantial. Prior to 1991, there was only one unit in the secondary sector. Post liberalization, the AIFIs have sanctioned 21 new projects with a total capacity of approx 3.9 million tonnes. Of these, 16 units have already been commissioned. The production of pig iron has also increased from 1.6 million tonnes in 1991-92 to 5.28 million tonnes in 2002-03. During the year 2003-04, the production of Pig Iron was 5.221 million tonnes.

B. Components and structure of the industry

I. Raw materials:

Raw material required to produce steel by primary route are iron ore and coal/coke. Power is another significant cost in the production of steel.

a) Iron ore

Availability of iron ore has been a key issue confronting steel players globally. Iron ore prices in the past three years have seen sharp rises even as Chinese steel output doubled since 2001. Iron ore prices are expected to stay near record levels as global demand continues to outpace supply. Mining giants Vale, Rio Tinto and BHP Billiton, which meet three quarters of world iron ore demand, are raising output – though capacities are not expected to take off until 2006 to 2009.

Iron ore prices are set annually beginning April 1, after individual negotiations between mining companies and steel makers. The annual contract price for fine ores, accounting for 60% of the global iron ore trade has jumped 71.5% year-on-year to USD 40 per ton from April 2005.

The iron ore found in India has among the highest grades (65% ferrous content) in the world. Australian Mines, for example, have ore with 55-58% ferrous content. Moreover, India is one of the largest producers and exporters of iron-ore and hence availability of iron-ore has never been an issue. In India, a substantial proportion of mines are in the government sector. However, large local and international players too have been mining iron ore for substantial time. However, prices have exhibited a sharp volatility and the recent firming up of iron ore prices worldwide has led to smaller players exploring the possibility of owning mines. Prospecting ones iron ore resources will drastically cut down raw material costs of companies. This rush for iron ore mines is also fuelled by the realization that if India has

to compete with the likes of China, the only way is cost competitiveness.

On the global front, trade in iron-ore has increased at a pace faster than that of steel production on account of increasing imports by China. China imported approximately 200MT in 2004 and is expected to import around 240MT in 2005, accounting for 42% of total sea-borne trade. Indian iron ore accounted for approximately 25% of these Chinese imports. As a result of the lack of iron ore availability, a large spot market has developed with prices well above the benchmark (the long term price) in the most liquid Chinese market. Further, freight rates have significantly widened the pricing differential between Brazil/Australia to North Asia – making locally sourced ore cheaper on a delivered basis. Indian manufacturers of iron-ore have taken full benefit of the situation to the detriment of their contract benchmark customers as they exhibited a preference to export rather than cater to the domestic market. The steel units with captive mines are expected to benefit from integration of the entire steel making production process. They will also be able to acquire raw materials at competitive costs compared with other global manufacturers. This will insulate them from any volatility that ore prices may witness, globally. However, pricing may move in tandem with global demand-supply dynamics – with an expectation that additional global mining capacities would ease pressures steel prices in the medium term. In fact, the world's two biggest manufacturers of steel namely Mittal Steel and Arcelor SA have cut down production in 2005 to buoy prices as manufacturers run down inventories. In conclusion, owning mines and captive iron ore supply will benefit steel manufacturers in a big way.

b) Coal

India has large reserves of coal, a substantial proportion of which is high-ash coal that is suitable for thermal power plants with limited usage in the steel industry. It is essential to use non-coking coals with high reactivity characteristics and high ash fusion temperatures for rotary kiln coal based iron manufacturing processes. In the sponge iron manufacturing process, coal acts as feedstock than as fuel to provide heat to the process. Moreover, only a few select collieries have high-grade coal available with them. This limited coal is wasted as mere heating fuels in cement kilns and power plants rather than being reserved for sponge iron manufacturing.

Coal forms an important raw material to manufacture sponge iron. Integrated manufacturers of steel through blast furnace route are dependent largely on imported coal (hard coking coal or coke). Production and prices of domestic coal are controlled by Coal India Limited, which along with its subsidiaries controls 95% of India's production. Despite the 17% hike announced in CY04, prices are significantly lower than international prices giving a cost advantage to Indian sponge iron players. On the flip side, as allocation of coal is done on an annual basis, a linkage with Coal India needs to be in place to source domestic coal. Since requirement for hard coking coal and coke are met through imports, the largest impact of its price volatility is felt by integrated steel manufacturers who use the blast furnace route.

The impact on manufacturers has been marginalized due to long-term contracts for the supply of coking coal and increase in sales realizations, which too have more than offset the increase in raw material prices. The increasing tendency of Indian companies to acquire majority stake in Australian and South African mines is likely to provide assured supplies with some pricing benefits. The global outlook for hard coking coal is similar to that of iron-ore – with an expectation of strong global demand from the coke-oven batteries being set up in India and China.

c) Power

Power is another important input in the steel industry. Most of the steel units, earlier, were dependent on the state for the supply of power that was available at prohibitive costs. Moreover, generation was low with large-scale frequency fluctuations. The plant load factor was also not maintained high levels throughout India. However, bigger steel units have set up captive power plants as government's power policy was altered. These plants use flue gases and coal for generating power. In this manner, power generated is 20-25% cheaper to commercially available power. This has reduced substantially the power costs for steel units. Since this power does not use conventional fuel for generation, it can avail of carbon credits as per the Kyoto protocol.

II. Sponge Iron

(i) Background

Sponge iron, also known as direct reduced iron (DRI), is a high quality metallic product manufactured by reducing iron ore lumps/pellets. Two major raw materials required to produce sponge iron are iron ore and coal.

The sponge iron industry comprises two kinds of producers:

- Gas based
- Coal based

As the distinction is drawn on the basis of fuel used, gas based sponge iron is purer compared to coal based sponge iron and therefore gets a premium.

Price trend

Sponge iron prices primarily depend on:

- Scrap prices, as scrap can be substituted to an extent to manufacture steel
- Demand for steel
- Prices of iron ore and coal, as they are the key inputs in the manufacture of sponge iron.

Higher scrap prices may lead to increased usage of sponge iron in the input mix of the secondary route of steel making. The buoyancy in the steel industry has resulted in scrap prices touching an all time high of 300-325 USD/MT.

The Indian market

(a) Demand

The demand for sponge iron in India has been growing at 8.25% CAGR over the last eight years (1996-2004). The demand has been primarily driven by the following factors:

- Increase in steel production via the secondary route accounting for 42-43% of the total steel output. This is expected to grow further due to shortage of coking coal, a key raw material for steel making via the primary route based on blast furnace.
- Proportion of sponge iron in secondary production is also likely to go up, with low domestic availability and high international prices of scrap, a marginal substitute for sponge iron.
- Availability of scrap will be constrained in the context of regulations relating to imports of low quality scrap to India.

Indian Sponge Iron Demand (Mn Tonnes)

(b) Supply

India has emerged as the top most sponge iron producing country on the supply front in the last few years.

Indian Sponge Iron Production (Mn Tonnes)

(c) Outlook

1. Sponge Iron is an attractive investment option since entry barriers are very low with short gestation periods, low initial capital, indigenous technology and equipments, an assured market, early payback, a modular system and an excellent growth potential. On the other hand, demand for sponge iron is expected to create an incremental demand of 1.3 Mn tonnes compared to 2.5 Mn tonnes of capacity additions. Thus, industry fundamentals of the sponge iron industry are expected to weaken over a few years, after which it would consolidate and stabilize at a higher level.
2. As per industry analysts, the upturn in the global sponge iron industry is expected to continue and is pegged to grow at a CAGR of 6-7%. This growth is at a back of an increase in steel production and continuous substitution in demand for scrap.
3. Significant additions in capacities are expected with a buoyant demand scenario. However, all capacities generated will not be able to function at an optimum operating rate due to scarcity of iron ore and coal. As per industry estimates, the Indian coal requirement for 2004-05 was approximately 405 Mn tonnes against the availability of 370 Mn tonnes. As a result, the players are forced to use E and F grade of coal, resulting in lower yield. Therefore, players with captive raw material sources would emerge successful in long run.

Since sponge iron substitutes scrap, scrap prices work as a cap for sponge iron prices. Unavailability of scrap globally and import restrictions would maintain the prices of scrap at higher levels, resulting in increased sponge iron prices.

III. Flat Products

Flat products include slabs, plates, hot rolled sheets, hot rolled coil and strips. Flat products have applications in various domains such as:

Architecture, Building and Construction	Oil & gas industries	Ship Building Industry
Automotive	Power Generation, transmission	Manufacture of LPG cylinders
Chemical, processing	Railway wagons	Equipment Manufacturers and white goods

The very nature of flat products and the industry segments in which it is applied makes it very volatile and prone to price and demand fluctuations. Industry segments like Automobiles and White Goods are very dependent and directly proportional to prevailing economic conditions i.e. if the economy is in recession, these industry segments also go through declining sales and profits. In the same way, they are in great demand when the economy is on a bull run. India and China are prime examples of this phenomenon.

IV. Long Products

Introduction

Long products are made by using billets and blooms. These include rods, bars, pipes, ropes, wires, angles, channels, and beams used by the housing/construction sector. Long products are made from mild steel that contains less than 0.25% carbon. Then refined metal in molten form is solidified into billets. These billets are then re-rolled into long products like bars, and rods.

Demand for steel billets is directly linked with demand for bars and wire rods. Most long products find use in infrastructure development – in the construction of roads, dams or housing. There is a growing demand for long products given the thrust on developing infrastructure. Golden Quadrilateral, a project undertaken by Gol has pushed demand for long products. Also, transportation is an important cost in the final delivery of long products.

Demand for long products is largely dependent on the development of infrastructure in a region. Economic growth of the regions is dependent on the industrialization and urbanization trends in the region.

Demand for bars and rods rose from 9.483 Mn in FY02 to 11.41 Mn in FY05. As per CRIS INFAC, the domestic demand is estimated to increase at 6% CAGR in FY06-10.

Demand Drivers

As per CRIS INFAC, the demand for long products is expected to be driven by buoyant construction activity. CRIS INFAC expects construction investment to increase by 11% over the tenth 5-year plan. Several projects with huge investment have been planned in more sectors. The key growth drivers for the construction industry will be housing, roads and bridges etc.

Long Products: Demand

('000 tonnes)	Bars and roads	Growth (per cent)	Structurals	Growth (per cent)	Railway materials	Growth (per cent)	Total	Growth (per cent)
1990-91	5494	-	1719	-	569	-	7782	-
1991-92	5699	3.7	1708	-1	652	14.6	8059	3.6
1992-93	5559	-2.5	1926	13	597	-8.4	8062	0.3
1993-94	5780	4.0	1925	0	590	-1.2	8295	2.6
1994-95	6589	14.0	2062	7	587	-0.5	9238	11.4
1995-96	7152	8.5	2422	17	594	1.2	10168	10.1
1996-97	7619	6.5	2551	5	634	6.7	10804	6.3
1997-98	7588	-0.4	2720	7	615	-2.9	10924	1.1
1998-99	7756	2.2	2710	0	555	-9.9	11020	0.9
1999-00	8407	8.4	2609	-4	562	1.3	11578	5.1
2000-01	9268	10.2	2460	-6	614	9.3	12342	6.6
2001-02	9483	2.3	2319	-6	703	14.4	12505	1.3
2002-03	10263	8.2	2369	2	884	25.7	13516	8.1
2003-04E	10626	3.5	3041	28	929	5.1	14596	8.0

E: Estimate

Source: CRIS INFAC

A. Construction

As a part of the shelter component of the national agenda, the government has estimated a shortage of 13 lakh houses in rural and 7 lakh in the urban areas in India.

Construction activity is also on an upswing due to a surge in retail development with shopping malls and multiplexes. This is due to rising disposable incomes among the middle class Indians and availability of cheap finance. The construction activities are also getting modernized and there is a steady departure from the traditional brick and mortar format to steel intensive and composite structures. In India, the future for steel intensive construction is promising. With steep rise in the land prices and the high population density, cities are growing vertically and new generation steel multi-stories seem to be the future in congested metros. Composite flyovers and bridges at crowded metros and busy highways can be cost-effective solutions – and the trend has already begun.

Steel-intensive/steel-concrete composite bridges became the preferred options since the mid eighties after the publication of BS 5400 codes. In UK today, 35% of total bridges built are composite constructions. Even minor items like steel rod reinforced dividers, crash barriers and wire meshes to prevent cattle and humans from venturing onto high-speed modern highways are now used in a big way. Steel intensive multi-storied car parks can provide quick solutions to congested metros. Cities of Mumbai, Delhi and Bangalore are building rail based mass rapid transit systems (underground or on elevated steel reinforced concrete pillars) to take care of the urban traffic problem.

The experienced and developed western economies are taking maximum advantage of increased usage of steel in construction. For example in the UK, more than 90% of single storey buildings are steel framed and about half of these are portal frames. In 1991-92, steelwork construction in the UK had a market share of 59%, in Sweden of 50% and in Netherlands 26% in commercial construction. In industrial buildings, the market share of steelwork construction is reported to be between 77-92% in the UK, Sweden, Netherlands, Spain, Belgium and France. The situation in USA and Japan is almost similar. [Source: www.steelworld.com]

Trends in India generally mirror global trends and the use of steel in construction is no exception. This phenomenon is set to grow at an exponential rate in coming years as India witnesses its own construction boom. Even today, glass and steel buildings in industrial and IT hubs of Gurgaon, Bangalore, Mumbai and Hyderabad are visible.

B. Infrastructure

There has been a tremendous need for total infrastructure revolution in the post liberalization era. The government's focus on the golden quadrilateral road project, the proposed modernization and expansion of the country's ports and the planned expansion of the railway network – are all potential demand generators for the industry. Like most of the developed countries with a solid infrastructure base, we need to adopt the steel intensive or steel-concrete composite construction route. The National Highway Development Project has increased allocation from Rs. 65.14 billion to Rs. 93.20 billion and an additional Rs. 55 billion for the National Urban Renewal Mission.

The fillip given to modernizing India's infrastructure will lead to an upsurge in demand of long products for use in roads, bridges and highways and related steel requirements. The use of MRTS to solve urban traffic congestion problems will also require huge amounts of steel, especially mild steel products.

CRIS INFAC has also forecast the industrial investment to increase by 70% over the next five years compared with the past five years. The average annual investment is expected to increase from Rs.380bn over the past five years (98-99 to 03-04) to Rs.630bn over the next five years (04- 05 to 08-09). These massive investments are expected to result in construction demand of Rs.100bn from industrial projects.

Unlike flat products, long products do not mirror the economic conditions of a country. They are fairly independent of whether the economy is in recession or is in a boom phase. Growth of long products is driven by certain policy decisions and the progression of a nation's development.

C. Demand Generators

Global Factors

- Global steel demand is rising on the back of accelerated infrastructure activity in China, CIS and India, housing boom in the USA, and the resurgence of white goods in Europe. In the recent recessionary phase, the industry has consolidated in terms of ownership and moth balling of inefficient capacities. Therefore, steel prices are expected to firm up further.
- For the first time in last 20 years, there is worldwide demand growth for steel.
- In US, demand is led by the booming housing industry. Additionally the auto industry too is showing signs of recovery.
- In Europe, there is demand from a buoyant housing and white goods industry.

- In China and other Asian countries, demand is led by emphatic investment activities in infrastructure.
 - Russia and other CIS nations are also witnessing strong internal demand.
 - Iraq reconstruction work is expected to fuel further demand for steel over the next three years.
 - China is consuming steel for its infrastructure with investments such as the “Three Gorges Project” on Yangtze River as well as to build up infrastructure for Beijing Olympics in 2008 and the Shanghai Expo in 2010.
- The demand supply gap is expected to increase and will drive steel prices north, even as the global steel industry is not prepared for this demand onslaught.

Local Factors

The Indian government believes that India will become a developed nation by 2020 with a per capita GDP of USD1540. Steel industry will play a leading role in achieving this target. Steel is poised for growth with abundant iron ore resources and an established base for steel production in India. Production has already increased from 13.4 Mn tones in 1991-92 to 38.4 Mn tones in 2004-05. While steel will continue to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels will be increasingly used in hi-tech engineering industries such as power generation, petro chemicals, and fertilizers. Steel will continue to be the most popular, versatile and dominant material used in wide ranging applications. In fact, analysts have forecast that the Indian steel sector will continue to witness growth in the next few years backed by domestic drivers such as infrastructure and automobile demand. The abysmally low per capita consumption of steel at 20 kilograms (kg) in India as compared with global majors will primarily drive demand

The continued thrust on infrastructure and related activities and their extension to rural India will provide a tremendous boost to the steel industry. This will require huge material and capital infusions. The union budget for 2003-04 provided a major thrust through innovative funding mechanisms. The initiative covers:

- 48 new road projects at an estimated cost of Rs.400, 000mn; with a quarter of the roads being concretized,
- National Rail Vikas Yojana projects worth Rs.80, 000mn;
- Renovation/modernization of two airports and two seaports at an estimated cost of Rs.110, 000mn,
- Establishing two international convention centres at global standard for an estimated cost of Rs.10, 000mn.

The total cost of these projects is estimated at Rs.600, 000mn. In addition, the budget also announced funding for the North-South and East-West corridors. This would provide a further Rs.26,000mn for highway development.

However, there may be a slowdown in the export markets in the coming months, partly due to additional capacities in China going on-stream and the possibility of further trade actions in the US and the European Union restricting imports from India.

D. Conclusion

Steel Products: Forecasted Parent Consumption/Demand

(‘000 tonnes)

	2005-06	2006-07	2007-08	2008-09	2009-10
Longs (Regression with GDP method)					
Bars and Rods	12214	12879	13593	14471	15465
Structurals	3064	3252	3432	3654	3904
Flats (End use method)					
HR Plates	3061	3284	3500	3730	3974
HR Coils	11930	12865	13873	14960	16132
CR Coils	6256	6672	7117	7591	8096
GP/GC	2068	2153	2241	2333	2429

Source: CRIS INFAC

As we can see, the consumption pattern of steel, especially of long products, will remain on an upward trajectory riding the back of increased spending on all construction and infrastructure related activities.

Economic growth is a key driver for steel industry growth. However, the government too spends substantial amounts on infrastructure related activities irrespective of the state of the economy. In fact, historically the government has upped its spending in the recessionary phases to generate employment and increase disposable incomes in the hands of the people.

Increased spending on infrastructure will drive the steel sector – resulting in a boost for demand for steel . The government has announced a total outlay of USD.13bn spread over a few years to develop roads, rails, airports and

seaports. The government's initial funding for these new projects will be about USD.5bn per year. The Government has also chosen to continue with the tax sops available to the housing sector. This is a positive step for steel too, as housing sector development creates demand for steel. The demand for long products is expected to grow at 6- 8% as per Cris Infac report on steel.

The rising steel prices have been absorbed well due to the overall growth in the economy. Although there are concerns about the rising input costs for the steel industry, an integrated approach and control over cost of raw materials and power will help steel manufacturing units perform better. Closer home, infrastructural spending by the state and private sector is driving demand for steel. This trend is expected to continue for some time with a positive impact on integrated steel players.

Further, according to the International Monetary Fund (IMF), the global economy is expected to grow by over 4% in the calender year 2005. As per the International Iron and Steel Institute (IISI), the demand for finished steel products in 2005 will exceed 1 billion ton for the first time, an increase of 36 million tons compared to 2004. Steel consumption in China is expected to grow by over 10%, an increase of 28 million tons during 2005 and the Steel consumption in Asia Pacific region is expected to grow by 6.5% in 2005. The Indian economy is also expected to grow by 7% and domestic steel demand growth is likely to be around 8% during 2005-2006.

The global economy has shown strong growth during the past three years and it is possible that the demand would stabilize at the current levels. However, the phenomenon which has clearly emerged, is a shift in the demand pull towards Asia. Therefore, this region will have significant influence in the future growth of the steel industry.

BUSINESS OVERVIEW

Kamdhenu Ispat Limited is the flagship company of the Kamdhenu Group. The Company was incorporated on 12th September, 1994. The Company's manufacturing facility is located at Plot No. A 1112 & A1114 RICO Industrial Area, Phase III, Bhiwadi – 301019. The Company manufactures HSD Bars/TMT Bars based on the world's most advanced Tempcore technology. The quality reinforcement bars manufactured by the Company are used in construction of multi storied buildings, dams, bridges, flyovers and power plants as basic reinforcement material. Besides this the company also have franchisee arrangement with franchisee units to manufacture HSD Bars/TMT Bars, Cement, SS Pipe etc. under "Kamdhenu" brand. These units manufacture products under strict quality control procedure laid down by the Company. The company gets royalty on per tonne/per bag/per centage basis from these francisee units.

PLANT & MACHINERY

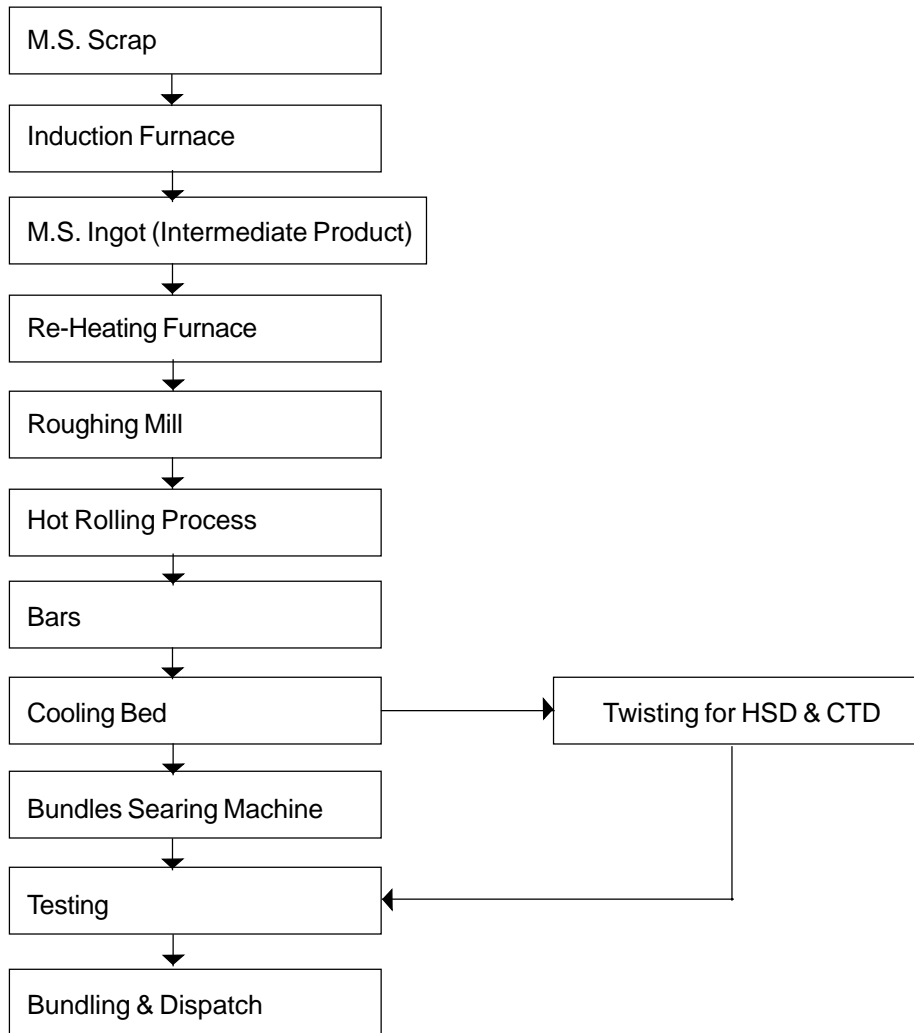
INDUCTION FURNANCE REHEATING FURNANCE		
ROUGHING MILL Mill Stand 3 hi 16" Reduction Gear Box Pinion Gear box 3 hi 16" Flywheel Spindle & Coupling & Univ. coupling Gear Coupling Wobblers Heads	INTEMEDATE MILL Mill Stand 2 hi 290mm Pinion Gear Box 3 hi 290mm Reduction Gear Box Univ, Coupling & spindle Flywheel 5 ton Gear Couplings	FINISHING MILL Mill Stand (Bearing Type) Pinion Gear Box Reduction Gear Box Univ, Coupling & spindle Gear Couplings
AUXILIARY EQUIPMENT Repeaters Rotatry Shear 450mm (Fixed Type) Roratry Shear (Moving Type) Cold Shear Pinch Roll Bed Plates Guide Box & Twist Pipes Roller Table Conveyer	Workshop Machinery Lathe Machine 14" Lathe Machine 12" Lathe Machine 10" Lathe Machine 8" Shaping Machine 36" Shaping Machine 24" Radial Grinder 1.5 Capacity Tool Grinder 1 HP & 2 HP + B47 Tools	Electrical Equipments Electrical Goods Electrical Motors Small Electrical Motors Big Transformer MOCB DC Motor DC Drive Electric Panels Cables Other Line Charges Pols/CT/PT/ Other Electric Charges & Lighting
TMT PLANT Quenching Box S.S.Casting Water Pump DC Motor DC Drive Pipe Line & Valve Cooling Tower Automation System Consultancy Charges Water Tank Lux Machine Roll Branding Machine	OTHERS Cranes (7.5+7.5+3) Tons Pipeline Laboratory Equipment Cooling Bed/W Channel/Conveyor/pulli/Alieed Machinery Weigh Bridge Air Compressor-2 Furnace Oil Tank / Service Tank	

TECHNOLOGY

The Company is using latest technologies available in rolling mills world-wide. We manufacture HSD/CTD steel Bars by adopting upgraded automated German technology. The technology is proven and well tested worldwide. The TMT Tempcore bar is an advanced high strength reinforcing bar made by unique mill heat treatment process developed by Centre de Recherches Metallurgiques, Belgium. The TMT Process does not require twisting of bars without losing strength and properties. The TMT bars are specially recommended for use in earthquake prone areas.

PROCESS

PROCESS FLOW CHART FOR PRODUCTION OF STEEL BARS



A. HSD/CTD Bars

The main raw material for the Steel Bars is M.S. ingot. The Company manufactures about thirty five percent of its raw material in house and remaining is procured from the domestic market

M.S.Ingot:

Sponge iron and Mild Steel Scrap is fed into induction furnace for melting at the temp of 1550 degree Celsius. Suitable quantity of Ferro Alloys i.e. Ferro Silicon, Ferro manganese aluminum sorts etc are added as per required chemical composition. The melted scrap is tapped from induction furnace to C.I. Moulds for manufacturing M.S. Ingot by bottom pouring process. After the solidification of metal the ingot are taken out from C.I. moulds

Cold Twisted Deformed (CTD)/High strength deformed (HSD) Bars:

The Ingot are charged to reheating furnace for further re-rolling process. Ingot are heated at the temperature of 1200 to 1250 degree Celsius in oil fired reheating furnace. Hot ingot at the temperature of 1200 degree Celsius is taken out from the furnace through discharge door and is fed through to roughing mill, of 400mm PCD for further size reduction the red hot steel is passed in different stands of roughing mills intermediate mill, finishing mill to get the bar size from 8mm to 32mm. The finished bars are allowed to cool at ambient temperature at cooling bed. After cooling the required length of 12 meters or 15meters is cut by bundle shearing machine at cooling bed. Further cold twisting is done by twisting machine to get Cold Twisted Deform (CTD)/High speed deform (HSD) Bars.

B.TMT Tempcore Bars

The Tempcore process is the best process for the production of high quality rebars because it replaces costly alloy elements like Vanadium and Niobium with low cost raw material. It results in high mechanical properties, excellent weldability, excellent ductility & bendability. It imparts high strength to the bar using the latest technique of thermo mechanical treatment (TMT).

Steel billets are heated in a Reheating Furnace and rolled through a sequence of rolling stands, which progressively reduce the billet to the final size and shape of the reinforcing bar. According to Tempcore process, the bar leaving the final stand is submitted to a special heat treatment involving three stages.

Quenching Stage:

The first stage consists of a drastic water cooling applied to the bar as it leaves the last finishing stand. The efficiency of the water cooling equipment used at this stage has to be as high as to produce a very hard cooling, on the bar surface, faster than the critical rate to form the martensite so as to obtain a surface layer of crude martensite while core remains austenite.

Tempering Stage:

In the second stage the bar leaves the water quenching line and is exposed to air. The heat flux from the still hot core reheats the quenched bar by conduction and the martensite formed in the first stage is thus subjected to self-tempering giving a structure called "Tempered Martensite" which is strong and tough. The core is still austenitic at this stage.

Final Cooling stage

The third stage of "Atmospheric Cooling" occurs on the cooling bed, where the austenitic core is transformed to a ductile ferrite pearlite core. Thus, the final structure consists of a combination of strong outer layer of tempered martensite and a ductile core of ferrite-pearlite.

COLLABORATION

The Company has entered into an agreement with Centre De Rechercher Metallurgiques (CRM) Asbi- Avenue du Bois Saint Jean , 21 – Domaine Universitaire Ddu Sart Tilman(P59) – B-4000 LIEGE, Belgium for use of TEMP CORE trademark used for identification of high quality steel bars. In accordance with the terms of agreement Kamdhenu built a thermoprocessing line with technical know how and engineering of Hariths Engineering, Bangalore. CRM grants to Kamdhenu a non exclusive, non transferable and conditional right of use of trademark TEMP CORE for deliver of products manufactured on the above line in accordance with the specified process.

Kamdhenu can use the trademark for products manufactured, delivered and used in India. Kamdhenu has to deliver high quality products compatible with standards well known for TEMP CORE, particularly in terms of weldability.

MANPOWER

The present strength of the Company is 122 employees.

S.No.	Name of Department	Number of Employees
1	Technical & Administration Staff at Bhiwadi	99
2	Administration ,Marketing and Finance at Registered Office	23
	Total	122

The Company also employs contract labour for its manufacturing facility at Bhiwadi, Rajasthan.

RAW MATERIAL-

The major raw material required is sponge iron, mild steel scrap and ferro alloys. These are used to form M.S. Billets/ M.S. Ingots. The Company manufactures about thirty five percent of M.S. Ingot in house by melting sponge iron and other raw material components such as scrap, ferro alloys. The Company procures approximately 41000 tons of ingots per annum and approximately 18000 tons of waste and scrap. Most of the raw material is procured from domestic market. We also buy certain imported raw material from the domestic market

WATER

Water consumption for TMT & Mill Cooling is 18.75 KLD and for domestic purpose consumption is 11.25 KLD. Water is sourced from RIICO & from a tube well within the factory premises. Water is recirculated and re-used.

POWER

The Company sources Power from Jaipur Vidyut Vitram Nigam Ltd., (Rajasthan State Electricity Board) through dedicated high voltage feeder lines and do not have alternate source of electricity for our manufacturing facilities. The Company has a sanctioned capacity of 4990 KVA . This is enough to meet our requirement of electricity We are solely dependent on Jaipur Vidyut Vitran Nigam Limited for electric supply.

PRODUCTS

The Company derive income from three different activities.

- (a) Sale of Products manufactured by the Company.
- (b) Trading of products manufactured by Franchisees under “Kamadhenu” brand.
- (c) By way of royalties received from Franchisees for using “Kamadhenu” brand.

Kamdhenu manufactures undermentioned quality of steel bars. Products of the company meet IS 1786-1985 and ISO 9001:2000 specifications:

CTD/HSD Bars:

Cold Twisted Deformed Bars have high strength and proof stress and are being produced by High Speed Rolling and precision cold twisting. The salient features of these products are:

- Higher fatigue strength
- 100% weldability
- Satisfactory bendability
- Suitable for both compression and tension reinforcement
- Minimum weight and maximum strength

Mechanical Properties

Test	ISI Standard	Kamdhenu Standard
0.2% Proof stress	415 N/mm ²	530 N/mm ²
Tensile Strength	485 N/mm ²	560 to 585 N/mm ²
% Elongation (min)	14.5%	21.0%
Bend Test	Upto Incl. 22 mm 30 Over 22 mm 40	Satisfies Bend Test
Re-Bend Test	Upto Incl. 10 mm 5d Over 20 mm 6d	Satisfies Bend Test

TMT Bars:

Kamdhenu TMT bars are Thermo-Mechanically treated for high yield strength. The process involves the rapid quenching of hot bars through a series of water jets after they come out of the last rolling mill stand. The bars are cooled allowing the core and surface temperatures to equalize. The bar core cools down slowly to turn into a ferrlitepearlite aggregate.

The company is using the Tempcore Process, the most advanced technology worldwide for manufacturing TMT bars in private sector after Tata Iron and Steel Corporation Limited. For determining better quality monitoring of the different layers of the TMT bars at the micro level, the company uses Micro Structure Analysis. The salient features of these product are:

- High strength
- High ductility
- Bending and re-bending
- Weldability
- Corrosion Resistant Characteristics
- High Temperature Resistant
- Dimensional Tolerance
- Seismic Resistance Properties

Product Specifications

Trademark Tempcore TMT

Grades : Kamdehenu Tempcore TMT Grade Fe 415, Fe500 and Fe 550

Diameter :8,10,12,16,20,25 mm

Standard Length 5.5 meters to 13 meters

Mechanical Properties of the product and Comparison with Indian Standard

PROPERTIES/COMPOSITION	INDIA (IS : 1786)	KAMDHENU TMT
Grade Fe-415		
MECHANICAL PROPERTIES Proof Stress Tensile Strength Elongation Bend Test CHEMICAL COMPOSTION (%) Carbon Sulphur Phosphorous S+P	415 N/mm2 485 N/mm2 14.50% Upto 22 mm-3D 0.30 Max. 0.06 Max. 0.06 Max. 0.11Degree Max.	450 N/mm2 530 N/mm2 20% 0.30 Max. 0.06 Max. 0.06 Max. 0.11Degree Max.
Grade Fe- 500		
MECHANICAL PROPERTIES Proof Stress Tensile Strength Elongation Bend Test CHEMICAL COMPOSTION (%) Carbon Sulphur Phosphorous S+P Mn Si	500N/mm2 545N/mm2 12% Upto 22mm-4D 0.30 Max 0.060 Max 0.060 Max 0.110 Max - -	530N/mm2 600N/mm2 15% Upto 22mm-3D 0.14-0.22 Max 0.05 Max 0.05 Max 0.09 Max 0.4 Min 0.4 Max
Grade Fe- 550		
MECHANICAL PROPERTIES Proof Stress Tensile Strength Elongation Bend Test CHEMICAL COMPOSTION (%) Carbon Sulphur Phosphorous S+P Mn Si	550n/mm2 585N/mm2 8% Upto 22mm-5D 0.30 Max 0.060 Max 0.060 Max 0.110 Max - -	575N/mm2 650N/mm2 12% Upto 22mm-4D 0.14-0.22 Max 0.05 Max 0.05 Max 0.09 Max 0.4 Min 0.4 Max

ORRISSA PROJECT

Kamdhenu Ispat Limited had planned to put up 1,10,000 T.P.A. DRI Plant with 8 MW Captive Power Plant and 50,000 TPA Steel Melt shop in the first phase at Jharsuguda in Orissa The Total Cost of the project was estimated to be Rs. 9365 lacs. The proposed project was to be set up in two phases. On completion of the Project 2,20,000 TPA of Sponge Iron & 2,50,000 TPA of Billets were to be prouduced.

The sponge iron is one of the raw material required for manufacture ingots used for manufacture of Steel Bars the main product of the Company. Therefore the Company thought of going into backward integration.

The Company acquired Land measuring 79.85 acres for the Project at a cost of Rs 67,28,675 on 27th May, 2005. The acquisition of land is primary requirement for making application of mining lease to authorities. The Company also incurred Rs. 33,67,499 towards brokerage/ change of land use charges/ Ground leveling charges and Rs. 13,94,000 towards pre operative expenses.

The Project could not be further undertaken since Company could not get mining rights in respect of Mines of Iron/ Manganese Ore which is a basic raw material required for manufacture of Sponge Iron. The success of Sponge Iron project is based on captive availability of iron/manganese ore. We are trying to get the licenses for Lease of mines and in case we are unable to receive the Lease of mines we will have to shelve the Project. In case we are able to get Mining rights we intend to implement the Project for which Funds will be tied up separately with Institutional Funding, Promoters Equity and Internal accruals. No figures of funding can be provided at present since we are not sure when the mining rights will be granted to the company. The investment made in land has appreciated and therefore if ultimately we have to shelve the project the company will recover all expenses incurred by sale of land. In the meanwhile we entered into a Partnership with Smt. Sujata Rout and Sri Sukanta Chawan Rout both residents of Rourkela under the tradename M/s. SR Ferro Alloys for seeking Mining License from Orissa Government for undertaking mining of Iron/Manganese Ore. We have further entered into an agreement with the aforesaid partnership firm to buy entire mining produce as and when raised from mines for capititive use in Orissa Project. M/s. S.R. Ferro Alloys is yet to get mining License from authorities at Orissa.

MARKETING STRATEGY

The strength of our company lies in the brand value of Kamdhenu and our credibility in making high quality reinforcement bars. We will continue to focus on strengthening the existing brand. The Brand Value of Kamdhenu influence all that we do in terms of our marketing strategy. Our product have certain core values such as high strength, corrosion resistant characteristics, dimensional tolerance etc. We have strong visible brand which has awareness across India.

Our Brand objective is to expand the customer base, ensure customer loyalty and increase the depth of the consumer relationship which we are achieving by expansion of distribution network.

The company having its marketing office at Delhi has an extensive and well-connected network of more than 1750 dealers dispersed across the country. Company's products are already well established in the market.

The above strategy is so far creating more brand awareness and in long run this would help the company in achieving higher market share.

Company's products command a price premium in the market owing to its established brand name. Presently the brand premium is ranging between Rs.300 to 700 per metric ton depending on different geographical areas and demand supply factors of the particular area.

We organize seminar and conferences of its dealers and distributors, architects and civil contractors at regular intervals to increase its brand awareness and to take feedback/ suggestions from them. Kamdhenu distributes its products literature and brochures at such conferences, which highlights the latest technology used in manufacturing the products. All these steps taken by the Company last in 3-4 years have resulted in a creation of very strong brand awareness.

Further for information of franchisees, dealers and distributors, we publish a monthly news letter titled "Ispat Sandesh" in Hindi and English which offers us opportunity to interact with them.

The concept of having strategic tie up with other manufacturing Units and establishment of stockyards at different locations would give a boost to the company's existing marketing network. It should also increase the Company's profitability considerably as margins in retailing are always better than wholesale trade.

Kamdhenu has taken a conscious decision to develop and enlarge its business operations by adopting Franchise route. The concept of Franchisee in steel Industry is rather new to India but it makes business sense.

At the vanguard of this new frontier is the Kamdhenu which is rapidly emerging as the Leading Franchisee chain build strongly on Kamdhenu brand. Over Next five years we intend to build a formidable chain of Franchisees who together will hold substantial market share of Steel Bars and other Products which we intend to introduce at appropriate time. For us it will result in expansion of Product portfolio being marketed under Kamdhenu brand with minimal capital expenditure.

As a business model, franchising enables rapid market expansion while conserving capital and it exploits entrepreneurial potential offered by the individual franchisees.

India's estimated Long products market of 10626 Mn MT for the year 2003-04 offers huge business opportunities. Franchising in the Steel and other segments is common all over the world. This concept of franchisee is catching up fast in India in other business segments also with NIIT, Archies, Lakme, Lever, Ceat, Satyam Infoway, Aptech, Titan and Reliance Web Dunia leading the way. In Steel segment we wish to be the leader.

Bailing out Projects in trouble

We embarked on franchising partly because of our experience in handling sick units owned by others. We generally get enquiries from such existing rolling mills which are not interested in carrying on the business on account of financial, quality or marketing problem asking us to take their units under 'Kamdhenu' umbrella to make their units viable.

We help them to get right people to handle day-to-day operations, to administer quality in terms of people, materials and machines and to have a certain kind of control on communication, in terms of the way the logo is used, the strengthening of the brand, advertising, etc. Broadly speaking, there are certain number of things that have to be done but how they are done varies from unit to unit. The mechanics really depend on the extent of promoter involvement, the level of senior management, the level of their assistance and the level of their comfort with our coming in.

The degree varies a lot, and dictates the amount of work we need to do and the speed at which we can handle the transition.

Ideally the promoter should address the core group, the senior management team and then the general staff, informing them that 'Kamdhenu' is coming in, about why we are coming in and what is our expectation of them. After that we need to address people to allay their fears of the kinds of change that will come.

During this meeting, we openly admit that there will be some amount of change, but ensure that after three or six months all of them will feel happy about the change. We talk about the new systems, new equipment, new orientations and the new training we will bring in.

Franchising models

We offers several franchising opportunities. We have our own manufacturing facilities, we can manage manufacturing facilities for others, and then we have franchisee manufacturing units. We are even open to taking over sick units to revive them under our Umbrella. In one of our most ambitious initiatives we wish to build a nation-wide chain of over 40 Franchisee units over next five years.

These Franchisee units will be equipped with latest most modern Rolling Mills to produce the quality products under the brand Kamdhenu. We plan to take brand to remote and untapped 'B' and 'C' towns.

We are planning to spend about Rs 2.50 Crore on new corporate and marketing office which will be equipped with latest communication means and shall be IT hub of the Company.

Our franchisees will gain not only from our deep steel sector domain knowledge, but will also be serviced by a team of young, bright professionals from various backgrounds such as project management, retail, logistics and franchising. They bring with them a wealth of knowledge and experience.

Our Current Franchisee setup

We have Franchisee arrangements with 22 (twenty two) entities to manufacture Steel Bars across India under Kamdhenu Brand. These plants are located in various States and offers advantage of easy availability of Kamdhenu Products. The company has a network of more than 1750 distributors and dealers spread across the States of Delhi, Haryana, Uttar Pradesh, Uttranchal, Rajasthan, Punjab, Himachal Pradesh, Madhya Pradesh, Jammu & Kashmir, Maharashtra, Goa, Gujarat, West Bengal, Bihar, Jharkhand, etc. Besides this we have Franchisee arrangement with 6 (six) entities for manufacture of Cement and 1 (one) franchisee arrangement for manufacture of SS Pipes and one for housing project.

We have taken a strategic decision to develop and enlarge its business operations by adopting Franchise route. Two type of arrangements have been worked out with Franchisee are as under.

- a. **Under first model** the Company allows to the Franchisee unit to manufacture steel bars under the Brand name 'Kamdhenu' under strict quality regime laid down by the Company. The Franchisee markets the Products using Marketing network of Kamdhenu and paying the Royalty on Sales/Production on per tonne basis/per bag/percentage.
- b. **Under other model** we have plans to establish our own Stock Yards at various strategic locations and materials required for these yards will be sourced from the nearby Franchisees, who are manufacturers of Kamdhenu Brand TMT/ CTD Bars. For this purpose our Company has already entered into agreements with the franchisees, the details of which are given on the following pages. The advantage of setting up stock yard are:

- Market share of Kamdhenu will go up without investing in manufacturing plants.
- It will result in minimum tax burden due to VAT, regime resulting minimum price.
- Quick delivery due to reduced transportation from nearest stockyard/franchisee units.
- Availability of quality products each and every part of the country
- It would be able to increase its profitability by increased turn-around cycle of available resources.
- It would be able to derive benefits of handling large volumes.
- It would get Royalty payments from the Franchisees for use of Kamdhenu brand.

Kamdhenu proposes to establish the stockyards in leased properties. It is proposed to acquire land at a suitable strategic location. At present we have finalized six such locations. For details please refer to page 53 of the prospectus.

What franchisees can expect from us

A franchisee enjoys the best of two worlds. As the owner of an independent business, they are free to leverage their entrepreneurial capabilities and knowledge of the local market. They also know that a strong brand like Kamdhenu minimizes their risks.

All the knowledge and expertise required to successfully run the business are ensured from us. Being part of a large network allows the franchisee to offer quality product without spending a fortune and reap full benefits.

We have been in the business for Eleven years, and have standardised systems and processes to such a degree that the franchisee doesn't have to waste time inventing the wheel. They can immediately get going on value-adding activities such as creating and driving the market rather than waste time designing an envelope or putting together a brochure.

At the project stage, we assist on:

- Market study,
- Preparation of the detailed project report,
- Site selection,
- Mobilisation of financial resources,
- Architecture and interior design,
- Selection and procurement of equipment,
- Project coordination,
- Manpower selection and training,
- Information technology,
- Marketing strategy,
- Commissioning and pre-launch activities.

After the project is launched, we help the franchisee upgrade his skills and those of his employees through continuous training programmes. Apart from the managerial support, we also support the franchisee by building the Kamdhenu brand. It's a sustained marketing initiative both at the national and local levels with promotions, direct marketing activities and a comprehensive public relations exercise.

The USP (unique selling proposition) of franchising are demonstrably superior quality, consistency, price sensitivity.

What we expect from a franchisee

Franchisees must appreciate what we stand for in terms of quality. We need them to be with us on investment decisions and we definitely need them to be with us finalizing marketing strategy.

Franchisees need to understand the elements of our HR policy and to give us the freedom to administer HR in that manner.

Service quality depends on the people in the organisation. It's critical that the franchisee understands this, has the ability to recruit the right people, can motivate them and invest in their training.

Franchisees also need to have a certain amount of commitment to quality in terms of materials purchasing. They have to listen to us in terms of specifications.

People often worry about quality when talking about franchising, but in the end everything boils down to the franchisee. If your franchisee is right, half the battle is won; and if they are not right, no amount of policing will help.

The ideal franchisee

Some franchisees just want the brand. They say they will manage everything let we be your partner.

The challenge is to change their mind set. Capturing the value of the brand is not enough; the 'Kamdhenu' brand comes with a lot of quality initiatives.

Before we appoint a franchisee, we conduct a few checks. Obviously one is his ability to invest. The franchisee must look at product quality and service quality the way we look at it.

In the Indian context, we ask them to explain what makes a good organization, make them talk about benchmarks. If our existing franchisee recommends someone, we do consider the person.

The ideal franchisee is someone whose concern for quality is similar to ours, someone who expects good returns from the business but does not expect it tomorrow. These are the persons who can create markets.

People orientation, the ability to drive and create markets, understanding service quality and an utmost conviction that business is profitable, if these four things are clear, we're in business. The lack of even one factor means a 'no'.

Competitive Edge

In any growth sector, competition is bound to increase. Our Brand would give us a competitive edge. Franchising makes very good business sense.

It allows us to use our expertise, extend the well-known 'Kamdhenu' brand, and hasten the path of our growth in a capital intensive business with a long gestation period. The franchisee model minimizes transportation cost. It results in avoidance of multiple taxes and above all it helps in converting the unbranded products market into Branded products market. It is a win-win scenario for both franchisees and us as we go forward with our plans.

Our Franchisees

As stated earlier two type of arrangements have been worked out with Franchisee.

(I) Under first model the Company allows the Franchisee unit to manufacture steel bars under the Brand name 'Kamdhenu' under strict quality regime laid down by the Company. The Franchisee markets the Products at its own using Marketing network of Kamdhenu and paying the Company Royalty on per tonne/per bag/percentage basis.. For this purpose our Company has already entered into agreements with following franchisees:-

A. For Steel Bars

S.No.	Party to the Agreement	Territory of Operation	Date of Agreement
1.	AAR KAY INDUSTRIES, G.T. Road, Sirhind Side, Mandi Gobindgarh, Punjab.	Punjab	May 1, 2005
2.	ASHIANA ISPAT LIMITED, A-1116, RIICO Industrial Area, Phase- III, Bhiwadi, Dist. Alwar, Rajasthan.	Delhi, Haryana, Rajasthan	December 26, 2002
3.	BANSIWALA IRON AND STEEL ROLLING MILLS, Adarsh Nagar, Ajmer-305008.	Rajasthan	February 23, 2004
4.	DADIJI STEELS LIMITED, 308, Naraan Plaza, Patna-1,	Bihar	March 22, 2005
5.	HANUMAN ALLOS (P) LTD, IV-A/5 (P), Industrial Area, Bokaro Steel City-14.	Jharkhand	March 07, 2005,
6.	Fortune Metals Limited ESCV Sub station, Tondwara Road, Mandi Gobindgarh, Punjab	Punjab	August 29, 2005
7.	JHELMUM INDUSTRIES, SIDCO Complex, Samba, Jammu (J&K)	Jammu & Kashmir	May 07, 2004,
8.	Durgapur Steel Limited Lenin Sarani Durgapur	Durgapur	August 17, 2005
9.	KUNDIL ISPAT LTD, Gogolvoril Mol, Opp. Hindustan Food, Usago, Goa.	Goa, Karnataka & South Maharashtra.	February 28, 2005,
10.	KUNDIL ROLLING MILLS (P) LTD, A-1/A-2, Kundaim Industrial Estate, NH-4A, Kundaim, Goa.	Goa, Karnataka & South Maharashtra.	February 28, 2005,.
11.	NALAGARH STEEL ROLLING MILL PVT. LTD., Village Dadi Kania, Nalagarh, Distt. Solan (Himachal Pradesh)	Himachal Pradesh.	November 14, 2003,.

S.No.	Party to the Agreement	Territory of Operation	Date of Agreement
12.	NILKANTH CONCAST (P) LTD, 21 & 22 I IND Floor, Indra Place, H Block, Connought Circus, New Delhi.	Gujarat	August 31, 2004
13.	RADHEY RADHEY ISPAT (P) LTD, 76/45, Halsey Road, Kanpur (UP)	Eastern Uttar Pradesh.	March 01, 2004
14.	SUPREME ALLOYS (P) LTD, N-102, Kirti Nagar, New Delhi.	Uttar Pradesh, Haryana & Delhi.	February 23, 2004,.
15.	Kali Metals (P) Ltd. 12/46, Titan Slib, Mathi Geri, Hosur, Tamil Nadu	Bangalore/ Hosur.	September 5, 2005
16.	MEGHALAYA STEELS (P) LIMITED Lohia House, M.G. Road, Guwahati,-781001.	Assam and North East.	May 25, 2005,
17.	HIM ALLOYS & STEELS (P) LTD, D-9, Udyog Vihar, Rohtak Road, New Delhi.	Himachal Pradesh	August 11, 2005
18.	MANWANI INDUSTRIES LTD, 5/2, New Palasia Manwani House, Indore, M.P.	Madhya Pradesh.	June 1, 2005
19.	BINJU METALS & ALLOYS INDUSTRIES PVT. LTD. 19-2-226, Bahadurpura, Hyderabad-500064.	Andhra Pradesh	October 24, 2005
20.	M/S LM STEELS PVT. LTD. Plot No. B-11, Industrial area, Bulandshar Road , Ghaziabad (U.P.)	Delhi & Western UP	February 4, 2006
21.	B.D. CASTING PRIVATE LIMITED 4, fairlie Place,5th Floor, Kolkata-700001	West Bengal	February 8, 2006
22.	M/S PRAHLAD ISPAT (PVT.) LTD. 580, Mohhammad Mah, Shikohabad Distt. Firozabad-205135	Western UP	January 20,2006

B. For Cement

23.	PANGLI CEMENT COMPANY (P) LTD, Village Gonshgash, Post Office-Khwazke, Rohan Road, Ludhiana (Punjab)	Punjab.	July 1, 2005.
24.	TRINAYANI CEMENT (P) LTD, 72, Jawahar Nagar Ext., Bhelupur, Varanasi (UP).	Eastern UP & Partly Bihar	June 14, 2005
25.	A.S. CEMENT INDUSTRIES, Village Bhagwas, Tehsil-Derabassi, Distt. Patiala, Punjab	Patiala and surrounding areas	September 8, 2005
26.	ASIAN CEMENT (H.P.) Village Tipri, Lodhwa, Tehsil Lodhpur, Dist. Dharamshala	Himachal Pradesh	October 8, 2005
27.	SWIFT INVESTMENT (P) LTD. Kapil Mandi Village :- Nim Ka Thana, Sikar	Rajasthan, Haryana & Delhi	February 15, 2006
28.	VARUN CEMENTS LIMITED "Keshav" Bandra Kurla Complex, Bandra Ext. Mumbai	MP, Gujarat, Rajasthan & Maharashtra	February 4, 2006

C. Housing Project

29.	M/S FOCUS INFRASTURE SCO 5, Ajit enclave, Near Railway Crossing, Zirakpur Kalka Road, Zirakpur	Panchkula, Ambala, Chandigarh, Himachal Pradesh, Punjab	February 2, 2006
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D. For SS Pipes

30.	KAMDHENU INDUSTRIES LIMITED Flat No. 24, Pocket C 8, Sector 8, Rohini, Delhi-85	As per the requirements of the company	October 8, 2005
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The terms and conditions of franchisee agreement vary from franchisee to franchisee. However the Principal terms and conditions are as follows :

- The franchisee can use the Trade Mark – “KAMDHENU” for the sale of steel bars/cement/SS Pipes/Housing in its territorial jurisdiction.

- The Permitted User shall pay a Royalty fee as mutually agreed.
- All tax liability except TDS shall be borne by the franchisee.
- The Agreement is not assignable by the franchisee to any third party.
- The Permitted User shall furnish monthly statement of production and sales of the steel bars/cement/SS Pipes to the Company
- The Permitted User shall obtain BIS Certificate for the steel bars produced by it as per IS: 1786 : 1985 at its own costs.

All the above franchisee market products using our dealer network of 1750 dealers and distributors spread across India. This ensures far and wide availability of Kamdhenu products.

Discontinued Franchisee Arrangements

S.No.	Party to the Agreement	Territory of Operation	Date of Agreement	Date of Cancellation
1.	ARS Metals Private Limited 163/1, 1 st Floor, K Sons Complex Broadways (Prakasam Salai), Chennai	Tamil Nadu and Pondichery and with prior consent in Andhra Pradesh, Karnataka and Kerala	May 11, 2005	November 21, 2005
2.	Sh Devendra Singh C-1/1053 Madangir, New Delhi	As per the requirements of the Company	June 30, 2005	February 15, 2006

The agreements with above franchisee have been discontinued on account non compliance of quality norms set by the company.

(ii) Under the second franchisee model Kamadhenu is proposing to establish its own stock yards for creating and supporting distribution network at falling strategic locations to cover the significant part of length and breath of the country. To begin with stock yards at following locations are proposed.

Sl.No.	Location of Stock Yard	Areas to be covered
1.	Mandi, Gobindgarh	Punjab
2.	Nalagarh	H.P and J & K States
3.	Ajmer	Rajasthan
4.	Ahmedabad	Gujarat
5.	Bangalore	Southern Region
6.	Indore	Madhya Pradesh
7.	Delhi	N C R
8.	Gurgaon	Haryana
9.	Kanpur	U.P.
10	Hosur	Tamil Nadu

Materials for the above stock yards will be procured from nearby franchisee, subject to availability of stock at competitive prices. The Company may procure materials from franchisee situated in other states for distribution in different geographical area. We further intend to open more need based Stock Yards at different locations.

The details of the franchisee agreements presently entered into by the Company with the Strategic Partners for stock yards are as follows :

Sl.No.	Name of the Franchise Unit	Location	State	Prod. Qty. (MT) to be lifted p.m
1.	Aar Kay Industries	Mandi, Gobindgarh,	Punjab	2000
2.	Nalagarh Steel Rolling Mills P Ltd	Nalagarh	H.P	2500
3.	Raghuveer Metal Industries Ltd.	Ajmer	Rajasthan	2000
4.	Kali Metals Pvt Ltd	Hosur	Tamil Nadu	3500
5.	Jhelum Industries	Jammu	J & K	1000
6.	Radhey-Radhey Ispat (P) Ltd.	Kanpur	U.P.	1000

Strengths

- Kamdhenu is using most advanced technology “Tempcore Process” for manufacturing of TMT Bars.
- Company’s products meet IS 1786-1985 and ISO 9001:2000 specifications
- Kamdhenu is regularly spending reasonable amounts on Brand promotion to create consumer awareness
- Professional and experienced manpower material management
- We have a stronge net work of 1750 dealers across India. At present company is marketing steel bars, cement, SS Pipes, Housing under “Kamdhenu” brand.

Weaknesses

- Increase in raw material prices and other inputs can affect the business operations adversely

- Government intervention through fiscal measures like increase in duties and levies can affect the business operations
- Opportunities**
- The concept of appointing Franchise manufacturing units is likely to boost Company's market share without making investment in setting up of new units

Threats

- Growth in domestic steel prices is boosted by the users group like builders etc. and the same can prompt the Govt. to take unfavourable action indirectly affecting us.
- Market competition from existing similar product manufacturers and new ventures which may be established in future

BUSINESS STRATEGY

Kamdhenu products have over the years created a niche market in the northern region of India and demand for its products has been growing at rapid pace due to its focus on producing Quality products, thereby satisfying the customers' need. Company's brand *Kamdhenu* has become major brand among the various other Brands available in the country for Steel Bars.

Indian economy grew by 6.9% during FY 2005 compared to 8.5% in the previous year. The industrial sector remained buoyant, with output growing at 8.3% as compared to 6.5% in the previous year. Govt. of India is giving priority to infrastructure as well housing sector by making increased budgetary allocation for Roads, Bridges, Power plants, dams, rural housing, etc. All this has resulted in a steady growth in steel consumption in the country. The apparent steel consumption in India grew at the rate of about 5-6% over last decade to a level of about 33 million tonnes in FY 2005. The growth rate is likely to accelerate in future with further increased expenditure on infrastructure and consequent demand effect on steel for both fixed asset investment and consumption. The consumption of steel is expected to increase by about 3 to 4 million tones p.a. for next few years, possibly exceeding 50 million tones by 2010.

Keeping the above in view and to take advantage of this scenario, Kamdhenu has taken a conscious decision to develop and enlarge its business operations by adopting Franchise route. Kamdhenu has plans to establish its Stock Yard/marketing offices at various strategic locations and materials required for these yards will be sourced from its Franchisees, who are existing manufacturers of Steel TMT/CTD Bars. The said Franchise units would be manufacturing the products under Kamdhenu's strict quality control and would be marketed under brand name of *Kamdhenu*. Company will derive following benefits further this strategy:

- Market share of Kamdhenu will go up without investing in manufacturing plants,
- It would be able to increase its profitability by increased turn-around cycle of available resources.
- It would be able to derive benefits of handling large volumes.
- It would be also be entitled to Royalty payments from the Franchisees for use of Kamdhenu's brand.

The Company has ventured into other building materials like Cement, SS Pipes etc. and has established franchisee units for manufacture of these products under "Kamdhenu" brand.

CAPACITY UTILIZATION

	2000-01	2001-02	2002-03	2003-04	2004-05
Installed capacity Bars (M.T./P.A.)	24000.000	36000.000	36000.000	36000.000	36000.000
Actual Production Bars (M.T./P.A.)	28622.065	32808.425	34630.675	35510.605	38634.810
Installed capacity Ingot	-	-	-	22500.000	22500.000
Actual Production Ingot	-	-	-	53.285	14804.355

INSURANCE

The Company has taken various insurance policies. The insurance policies cover Standard Fire and Special Perils Policy, Machinery Break Down Insurance, Money Insurance Electronic Equipment Insurance, Burglary Policy. The Sum Total of the insurance cover is Rs. 10,09,61,500/- (Rupees Ten Crores Nine Lacs Sixty One Thousand & Five Hundred Only). We have also taken key man insurance policy for our Managing Director and some of our whole time directors. We believe that our insurance coverage is adequate as per present requirements of the Company.

PROPERTY

A. Properties owned by the Company

The Company owns Flat No. B- 202, Second Floor, Bhagat Singh Colony, Bhiwadi vide Sale deed dated June 09, 2000 executed by Prism Electronic in favour of the Company

Details of Property:	Flat No. B- 202, Second Floor, Bhagat Singh Colony, Bhiwadi. Area of the flat- 1600 Sq. feet. Seller- Prism Electronics, B- 56/1, Okhla Industrial Area, Phase II, New Delhi
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B. Intellectual Property Rights

We own "Kamdhenu" trade mark in respect of Steel Bars and Cement under class 6 and class 19 respectively of Trade Mark Act 1999. We have also moved application for registration of the Trade mark in respect of various other products mentioned under Class 1 to 42 covering items of Schedule IV of the Trade Mark Act, 1999. The registration is pending with the Registering Authority. The Company is adhering to policy of using the "kamdhenu" brand not only in respect of Steel bars and Cement but also in respect of other building materials and other products which the Company may deal in the future.

C. Properties on Lease.

LEASE AGREEMENTS

S No.	Date & Tenure	Name & Details of Property Leased	Rent/ amount payable	Parties	Important Terms and conditions of lease
1.	Lease deed dated February 25, 2000 The term of the lease is ninety nine years beginning from March 31, 1999 The possession of the land has been handed over to the lessee on July 02, 1999	Plot No. A-1112, Bhiwadi Industrial Estate, Bhiwadi, Rajasthan. It is a Leasehold property measuring 7338.14 Sq. meters.	Rent: Rs. 760 p.a. Service charges: Rs. 22,800	L e s s o r - Rajasthan State Industrial Development and Investment Corporation Ltd., Jaipur L e s s e e - Kamdhenu Ispat Limited, Bhiwadi.	(a) Land shall be used for Construction of an industrial unit for manufacturing purposes (b) Right to lay water drains, sewers and electrical wires is reserved by the lessor (c) The lessor reserves all the rights and title to all mines and minerals in and under the demised premises or any part thereof. (d)The Lessor reserves the right to revise the rate of rent every 5 years (not exceeding 25%) (e) The Lessee is to construct and complete the buildings and put them to use before the expiry of 3 years from the date of possession. (f) The Lessee cannot without prior written permission assign, relinquish, mortgage the premises and the land cannot be sublet, assigned relinquished in part. (g) Stamp and registration charges shall be paid by the lessee
2.	Lease deed dated January 04, 1995 The term of the lease is ninety nine years beginning from Nov 09, 1994	Plot No. A-1114, Bhiwadi Industrial Estate, Bhiwadi, Rajasthan. It is a Leasehold property measuring. 10,140 sq. m	Rent: Rs. 450 p.a. Service Charges: Rs. 7500	L e s s o r - Rajasthan State Industrial Development and Investment Corporation Ltd., Jaipur L e s s e e - Kamdhenu Ispat Limited, Bhiwadi.	(a) Land shall be used for Construction of an industrial unit for manufacturing purposes (b) Right to lay water drains, conditions regarding payment of rent, payment of taxes to be borne by the lessee etc.has been reserved by the lessor (c)The Lessor reserves all the rights and title to all mines and minerals in and under the demised premises or any part thereof. (d)The land cannot be sublet, assigned or relinquished in part. (e)Stamp and registration charges shall be paid by the lessee

S No.	Date & Tenure	Name & Details of Property Leased	Rent/ amount payable	Parties	Important Terms and conditions of lease
3.	Sub lease agreement dated March 30, 1998	Flat no. B-203, 2nd Floor, Ashiana Greens, Bhagat Singh Colony, Bhiwadi District, Alwar, Rajasthan with an area of 1300 sq. m.	Lessee shall pay share of common expenses, owner's and occupiers share of all government and municipal rates, taxes and impositions of any nature levied or that may be levied in future on the Unit and electricity and water charges of the Unit	Sub-Lessor - Ashiana Housing & Finance (India) Limited, having its registered office at 5F, Everest, 46/ C, Chowringee Road, Calcutta-700071. Sub-Lessee - Kamdhenu Ispat Ltd., A-1114, RIICO Industrial Area, Phase III, Bhiwadi-301019.	(a) The Lessee is to use or allow the use of the Unit (flat/office/shop together with the lawn and parking space) for the purpose of residence or as a shop only. (b) General restrictions relating to use and maintenance of the leased property are there. (c) The lessee shall have the liberty to transfer, assign or sublet its interest provided such transferee agrees to observe and perform all the terms, conditions and covenants required to be observed by the lessee.
4.	Lease deed dated May 27, 2005 Lessee shall hold land in perpetuate with heritable and transferable right.	79.85 acres of agricultural land situate at Village Derba, P.S. Katarbaga, Distt. sambhalpur Orissa.	Premium: Rs. 3, 09, 762/- paid towards premium on date of execution of deed. Land Revenue: Rs. 3, 101/- and cess of Rs. 2, 329/- per annum.	Lessor: Government of Orrisa represented through Tahasildar/ Authorised Officer, Rengali, Orissa Lessee: Kamdhenu Ispat Limited, 5/2, Punjabi Bagh Extension, New Delhi-1100 026	(a) Lessee shall use it as Industrial Land. (b) Lessee hold the land in perpetuate with heritable and transferable right. (c) Stamp and registration charges shall be paid by the lessee (d) If site is used for any purpose other than for which the lease is granted, the Tahasildar after giving one month's notice to the lessee and after hearing the lessor, if satisfied, shall determine the lease where upon the land shall vest in the Government free from all encumbrances
5.	Lease deed dated October 14, 2004 Lease period is of 18 (Eighteen Months) renewable for a further period at discretion of Lessor upon mutually agreed term vide fresh deed.	House No. A – 124, Sushant Lok – I, Gurgaon measuring 810 sq. mtrs, comprising Ground Floor and First Floor with Freehold rights.	Refundable Security Deposit: Rs. 2,00,000/- Rent: Rs. 65,000/- per month.	Lessor - Pankaj Jain and Sunjocta Jain, R/o, 29, Park Area, Ajmal Khan Park, Karol Bagh, New Delhi – 110 005. Lessee - Kamdhenu Ispat Limited, 5/2, Punjabi Bagh Extension, New Delhi – 110 026.	(a) To be used only for Residential Purposes of Managing Director of the Company and his immediate family. (b) Lessee cannot use the premises for commercial or any other purpose other than as a residence under any circumstances. (c) Lessee cannot assign or part with possession of premises in favour of any person/authority. (d) Lessee cannot sublet, mortgage or otherwise part with possession and control of the premises or fixtures and fittings, articles and things forming part of the premises and present therein.

S No.	Date & Tenure	Name & Details of Property Leased	Rent/ amount payable	Parties	Important Terms and conditions of lease
6.	Rent Deed dated January 20, 2003 for a period of Five Years starting from date of execution of Agreement	Plot measuring 40 mtrs. X 120 mtrs. Situated near IBP Petrol Pump, Tauru - Bhiwadi Road, Khori Kalan, Tauru Tehsil, Tauru Distt., Gurgaon, Haryana with construction as follows: Boundary Wall having height of 7 feet and Main Gate entry to plot; One Guard Room of size 14 feet x 12 feet with RCC roof; One Office Room of size 14 feet x 14 feet with RCC roof.	Advance Payment: Rs. 45, 000/- against rent for one year. Rent: Rs. 3750/- per month. Rent subject to 10% increase after two years.	Landlord- Sh. Nuruddin, R/o Village – Khori Kalan, PO Tauru Tehsil, Tauru Dist., Gurgaon, Haryana. Tenant - Kamdhenu Ispat Limited, A – 1114, RIICO Industrial Area, Phase – III, Tehsil Tizara, District Alwar, Rajasthan.	(a) Shall be used for business activities of the Company (b) Tenant shall abide by all laws, by-rules and regulations of Government Agencies, i.e., Municipal Corporation or any other such agencies or authorities deputed by the Government.
7.	Lease Deed dated July 25, 2005 for a period of Eleven Months commencing August 1, 2005 to June 30, 2006.	House No. JCM – 9, Jacaranda Marg, First Floor, DLF Phase – II, Gurgaon – 122 002, Haryana.	Refundable Security Deposit: Rs. 45, 000/. Rent: Rs. 15,000/- per month, exclusive of Electricity and other Utility Charges.	Lessor: Mrs. Neeraj Chadha, R/o, JCM – 9, Jacaranda Marg, Ground Floor, DLF City, Phase – II, Gurgaon – 112 002, Haryana. Lessee : Kamdhenu Ispat Limited, 5/2, Punjabi Bagh Extension, New Delhi – 110 026.	(a) Lessee cannot use the premises for any other purpose than Residential purposes. (b) Lessee cannot assign or part with possession of premises in favour of any person/authority. Lessee cannot sublet, mortgage or otherwise part with possession.
8.	Lease Deed dated December 16, 2004 for a period of Eleven Months commencing December 16, 2004 to November 15, 2005	32, Sukhchain Marg, Gurgaon, Haryana.	Refundable Security Deposit: Rs. 75,000/-. Rent: Rs. 25, 000/- per month. ,	Lessor: Mr. S u b h a s h Manchanda, R/o, 32, Sukhchain Marg, DLF City, Phase – I, G u r g a o n , Haryana. Lessee : Kamdhenu Ispat Limited, 5/2, Punjabi Bagh Extension, New Delhi – 110 026.	(a) Lessee cannot use the premises for any non-residential purpose (b) Lessee cannot assign or part with possession of premises in favour of any person/authority. Lessee cannot sublet, mortgage or otherwise part with possession.
9.	Lease Deed dated June 28, 2005 for a period of 11 months commencing June 30, 2005 to May 30, 2006.	Godown at Plot No. 1, Khasra No. 601, Revenue Estate, Village Rangpuri, Rajokri Road, New Delhi – 110 037, measuring 800	Rent: Rs. 4500/- per month. ,	Lessor: Mr. Jai Bhagwan S/o Ram Singh, R/o Village Rangpuri, Post – Mahipalpur, New Delhi – 110 037.	(a) Lessee cannot use the premises for any non-residential purpose (b) Lessee cannot assign or part with possession of premises in favour of any person/authority. Lessee

S No.	Date & Tenure	Name & Details of Property Leased	Rent/ amount payable	Parties	Important Terms and conditions of lease
				L e s s e e : K a m d h e n u Ispat Limited, 5/ 2, Punjabi Bagh Extension, New Delhi – 110 026.	cannot sublet, mortgage or otherwise part with possession.
10.	Rent Deed dated August 20, 2005 for a period of 11 months from 20 August, 2005 to 19 July, 2006.	½ of Basement situate at 5/2, Punjabi Bagh Extension, New Delhi – 110 026.	Rent: Rs. 8,000/- per month.	Landlord: Mrs. G e e t a Agarwal,* R/o, 5/2, Punjabi Bagh Extension, New Delhi – 110 026. T e n a n t : K a m d h e n u Ispat Limited, A – 111, RIICO Industrial Area, B h i w a d i , Rajasthan.	(a) It shall be used for the purpose of Registered Office of the Company. (b) Agreement will stand cancelled in case the Tenants effect any change in their trading activities. Tenant can use the premises only for carrying on trading activities. © In case the constitution or management of the Company is changed, the Agreement shall stand cancelled. (d) Tenant cannot assign or part with possession of premises in favour of any person/authority. Lessee cannot sublet, mortgage or otherwise part with possession.

* Mrs. Geeta Aggarwal is wife of Mr. Pradeep Aggarwal promoter of the Company

OUR INDEBTEDNESS

Sr. No	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on December 31, 2005	Details of Security
1.	Working capital State Bank Bikaner & Jaipur Industrial Estate, Bhiwadi (Raj) Fund Based Rs.250 Lac Non Fund Based Rs 100 Lac Sanction letter dated 18/05/2005	10.75% p.a.	77.32 Lacs	Primary: 1 st charge on block assets of the company by way of hypothecation of machinery and equipment & other fixed assets. Collateral: a) Equitable Mortgage of industrial plot at A -1112 RIICO Ind Area, Phase III Bhiwadi. b) Equitable Mortgage of two flats situated at B-202 & B-203 Ashiana Green Bhiwadi. c) 1 st charge on immovable assets including equitable mortgage of land and building at plot no A -1114, RIICO Ind Area, Bhiwadi d) Personal guarantee of the Directors
2.	Term Loans State Bank Bikaner & Jaipur Industrial Estate, Bhiwadi (Raj) Rs. 210.61 Lac vide Sanction Letter No. Nil dt. 18.05.2005, Quarterly installment beginning from August 05.	9.50% p.a.	164.86 Lacs	Primary: 1 st charge on block assets of the company by way of hypothecation of machinery and equipment & other fixed assets. Collateral: a) Equitable Mortgage of industrial plot at A -1112 RIICO Ind Area, Phase III Bhiwadi. b) Equitable Mortgage of two flats situated at B-202 & B-203 Ashiana Green Bhiwadi. c) 1 st charge on immovable assets including equitable mortgage of land and building at plot no A -1114, RIICO Ind Area, Bhiwadi d) Personal guarantee of the Directors
3.	Cars Loans	Various	8.77 Lacs	Car loans secured against hypothecation of the respective cars

Restrictive Clauses under the Loan Agreements executed with SBBJ

1. Kamdhenu Ispat Limited will deal exclusively with SBBJ.
2. Without the bank's permission in writing the company will not:
 - (a) effect any change in its capital structure
 - (b) formulate an scheme of amalgamation or reconstruction
 - (c) implement an scheme of expansion or acquire fixed assets exceeding Rs. 660.57 lacs
 - (d) invest by way of share capital in or lend or advance funds or place deposits with an other concern
 - (e) enter into borrowing arrangements with an other bank/ financial institution
 - (f) undertake guarantee obligations on behalf of an other company
 - (g) declare dividends except out of profits of that particular year and ensuring no default has occurred in any repayment obligation that year.
3. The company will maintain minimum net working capital of Rs. 258.85 lacs.
4. The company will maintain a minimum tangible net worth of Rs. 743.80 lacs

Other Conditions :

1. Monthly operational data and stock statements to be submitted
2. Company's performance to be reviewed quarterly by the bank
3. No overdrawn permitted without prior permission
4. Inspection of units/ factories to be carried out as per laid down procedures
5. Hypothecated securities to be kept fully insured

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of the Company

Kamdhenu Ispat Limited was incorporated vide Certificate of Incorporation No. 17-08767 dated 12th September, 1994 issued by the Registrar of Companies, Jaipur, Rajasthan. The Company obtained its certificate of Commencement of Business dated 29th December 1994 issued by the Registrar of Companies, Jaipur, Rajasthan.

The Registered Office of the Company was shifted from the state of Rajasthan to NCT of Delhi & Haryana w.e.f. 2nd March 2005 vide CLB order No. CP No. 220/17/2004-CLB dated 2nd March 2005 stating the Company No. as 55-134282. The Company at present has its Registered office situated at 5/2, Punjabi Bagh Extn, New Delhi – 110026.

The Company has its Plant located at A1112 & A-1114, RIICO Indl. Area, Bhiwadi-301019 (Raj.)

Major Events in the history of the company

1. The Company got registered w.e.f. 12th September, 1994
2. The Company started commercial production in October 1995.
3. The Company has obtained IS 1786-1985 certification in the year 1995.
4. The Company has received ISO 9001:2000 for quality management system, in the year 1997
5. The Company has received Udyog Ratan Award, Udyog Patra Award, Rajat Jayanti Udyog Jayanti Award from the Government of India.
6. The Company started production of TMT Bars in 2004
7. The Company got certificate for using the trade mark "TEMPCORE" from Centre De Rechercher Metallurgiques (CRM), LIEGE (Belgium) in 2005.

Registered office of the Company

Registered office of the Company is situated at **5/2, Punjabi Bagh Extn, New Delhi – 110026** w.e.f. 2nd March 2005.

Details of changes in the Registered office

Old place of Registered Office	Shifted to	Date of change
E-127, Industrial Area, Bhiwadi. Distt. Alwar (Raj.)	A-1114, RIICO Industrial Area, Phase-III, Bhiwadi-301019, Rajasthan	23 rd November 1994.
A-1114, RIICO Industrial Area, Phase-III, Bhiwadi-301019, Rajasthan	5/2, Punjabi Bagh Extn, New Delhi – 110026	2 nd March, 2005.

Changes in Memorandum of Association of the Company

Since Incorporation of the Company, the following changes have been incorporated in the Memorandum, after approval of the Members:

Date of Shareholder Approval	Changes
	Change in Authorized Share Capital
21-11-1994	Increase in Authorized shares capital from 1 lacs to 1 crore
06-03-1995	Increase in Authorized shares capital from 1 crore to 1.20 crores
24-09-1996	Increase in Authorized shares capital from 1.20 crores to 2 crores
15-03-1998	Increase in Authorized shares capital from 2 crores to 2.25 crores
25-05-2000	Increase in Authorized shares capital from 2.25 crores 3 crores
24-01-2004	Increase in Authorized shares capital from 3 crores to 6 crores
25-03-2005	Increase in Authorized shares capital from 6 crores to 30 crores
	Change in Registered office
10-11-2004	Change in Registered office from the state of Rajasthan to NCT of Delhi vide CLB order No. CP No. 220/17/2004-CLB dated 2 nd March, 2005
	Change in Object of Company
29-09-04	Main Object altered by Adding new clause 3(a), 3(b), 3(c), 3(d), 3(e)
24-06-05	Main Objects altered by Adding new Clause 4.

Main Objects

The main objects of the Company as stated in the Memorandum of Association are:

- “1. To Carry on the business of importers, exporters, buyers, sellers and manufacturers of and deals in ferrous and non-ferrous metals, alloy and non-alloy metals, iron and steel, cast iron, pig iron, brass, copper, aluminum, zinc, chromium, tin, metal sheets stainless steel, lead, gold, silver, platinum and its scraps and to carry on business as rolling and re-rolling of mild steel, stainless steel and all types of ferrous and non-ferrous metals press and structural work, particularly steel, rods, bars and railings and as fabricators, founders, welders galvanizers, rolling and re-rolling mill owners, iron and steel converters, iron and brass founders, foundry shop owners, fabrication and machine shop owners, metal workers turners, forgers, grinders, all kinds of ferrous and non-ferrous casting chilled, malleable, alloy and odd castings, brass and aluminum castings, all kinds of forging, die, press, C.R. sheets, C.R. sections, structurals, rollings and sheet metal works and generally to carry on all kinds of casting and fabrication works of all types, kinds and descriptions.
2. To set up steel furnaces and continuous casting and rolling millplant for producing steel alloy steel ingots, steel and alloy steel billets, and all kinds and sizes of re-rolling sections. i.e. flats, angles, rounds plates, hexagons, octagons, rails, joints, channels, steel strips, sheets, plates, deformed bars, plain and cold twisted bars, bright bars, shaftings and steel structurals and to carry on the business of iron-masters, forgers, iron founders, mechanical and electrical engineers, steel and non-ferrous metal converters, manufacturers of agricultural implements and all machineries and tools, brass founders, metal workers, boiler makers, metallurgists and wood-workers and also to carry on the business or business of manufacturers, imports, exports, and dealers in sheet metal (ferrous and non-ferrous) and sheet metal -articles of all kinds and in particulars (i) aluminum and steel doors, windows, levers and' automatic door closers, (ii) galvanized bukets, fire bukets, bath tubs, mugs, drums, tanks, tin containers and other articles for carrying or storing water, oil and other solid or liquid (iii) all kinds of steel and metal furniture (iv) chimneys, pipes, ridging, ventilators, dustbins, hand carts, municipal carts and all such other articles
3. To carry on business of electrical engineers, mechanical engineers, machinists, metal work-drawers, founders, enamellers, painters and packing case makers and also to carry on business of manufacturing, importing, exporting, distributing, buying and selling and otherwise dealing in all kinds of pipe fitting, hand tool, hardware goods, Refractories of all type alumina and magnesite bricks.
 - 3(a) To carry on the business as iron founders, makers of scientific, industrial and surgical instruments, mechanical engineers and manufacturers of agricultural implements and other machinery, steel castings and forgings and malleable iron and steel castings, tool makers, brass founders, metal workers, boiler-makers, mill wrights, machinists, iron and steel converters and to buy, sell, manufacture, repair, convert, alter let on hire and deal in machinery, implements and rolling stock.
 - 3(b) To carry on the business of manufacturing, trading, marketing, distributing, dealing importing & exporting of ferrous or non-ferrous metals, goods including iron and steel, Sponge Iron, aluminum, brass, tin, nickel, special steels and their products
 - 3(c) To carry on business as manufacturers, stockiest, importers and exporters of and dealers in forgings, castings, stampings of all metals, machinery parts, moulds, press tools, jigs, fixtures and compression moulding steel products and automobile parts.
 - 3(d) To carry on the business as importers, export agents, distributors, stockiest, contractors, suppliers, dealers of any kind and to act as manufacturers representatives, agents, brokers, commission agents and merchants of commodities, articles, products and merchants of any kind of nature and to carry on the business of real estate, including selling, purchase, letting, renting and deal on a contract basis.
 - 3(e) To carry on the business of importers, exporters, dealers, traders, manufacturers of trailers, earthmoving equipments, canal equipments, fuel injection equipments and Machine tools and other allied products.
4. To carry on the business as consultants and advisors, to EPC contractors OEM's and such other Multinational / Indian Companies engaged in Generation of Power / Distribution of Power, supply erection and commissioning of Power plant equipments and ancillaries associated to Power station viz. Acoustics etc., Laying of new lines for transmission, supply erection and commissioning of HVAC systems / fire fighting systems / HSD storage systems and Services of critical components of Gas / Hydal Turbines, Boiler Feed Pumps either directly or acting or acting as agent / liaison agent or as canvassing representative for reputed manufacturer, agents and distributors, for own generation, use of power.

Subsidiaries of Kamdhenu Ispat Limited

As per the audited balance sheet dated 31st March 2005, and Audited Accounts for the period ended 31st December, 2005 the Company doesn't have any subsidiaries.

Shareholders Agreement

There are no Shareholders Agreements between the Company and any other person.

Strategic Partners

The Company is having strategic tie up with other manufacturing Units and further tieups for establishment of stockyards at different locations which gives a boost to the company's existing marketing network. These franchisee units will manufacture products under the Brand name Kamdhenu and market them using Companies marketing network. For the purpose of stock yards in certain cases Company will buy finished product from them and market directly through the distribution network. This will increase the Company's profitability as margins in retailing are always better than wholesale trade. To give effect to the business strategy relating to franchisee business through Strategic Partners, Company has entered into agreements with the parties whose names are mentioned herein below. In addition to HSD/TMT Bars, the Company has also entered into Strategic Tie-Ups for manufacturing of Cement & SS Pipes under "Kamdhenu" Brand to be manufactured by other units under our quality control & marketing through Kamdhenu Network.

A. For Steel Bars

1. Ashiana Ispat Limited Bhiwadi
2. Bansiwala Iron & Steel Rolling Mills Ltd. , Ajmer
3. Supreme Alloys (P) Ltd. Ghaziabad
4. Radhey Radhey Ispat (P) Ltd., Kanpur
5. Nalagarh Steel Rolling Mills (P) Ltd.,Nalagarh
6. Aar Kay Industries, Mandi Gobindgarh, Punjab
7. Manwani Industries Ltd., Indore (M P)
8. Neelkanth Concast (P) Ltd., Gujrat
9. Jhelum Industries, Jammu
10. Kundil Ispat Limited, Goa
11. Kundil Rolling Mills (P) Ltd., Goa.
12. Dadi Ji Steels Ltd., Patna
13. Hanuman Alloys (P) Ltd., Bokaro City (Jharkhand)
14. Meghalaya Steel (P) Ltd., Guwahati
15. Him Alloys and Steels (P) Ltd., New Delhi
16. Fortune Metals Limited, Mandi Govindgarh, Punjab
17. Durgapur steels Limited, Durgapur
18. Kali Metals (P)Limited, Housur
19. Binju Metals & Alloys Industries (P) Ltd., Hyderabad
20. LM Steels Pvt. Ltd.
21. B D Casting Pvt. Ltd.
22. Prahalad Ispat Pvt. Ltd.

B. For Cement

23. Pangali Cement Company (P) Ltd., Ludhiana
24. Trinayani Cement (P) Ltd, Varanasi
25. A.S. Cement Industries, Patial
26. Asian Cement (H.P.), Topri (Dharamshala)
27. Swift Invest Pvt. Ltd.
28. Varun Cements Ltd.

C. Housing Project

29. M/s. Focus Infrastructure

D. For SS Pipes

30. Kamdhenu Industries Limited, New Delhi

The details of the existing franchisee agreements entered into by the Company with the Strategic Partners for stock yards are as follows :

Sl.No.	Name of the Franchise Unit	Location	State (MT)	Prod. Qty. to be lifted p.m
1.	Aar Kay Industries	Mandi, Gobindgarh,	Punjab	2000
2.	Nalagarh Steel Rolling Mills P Ltd	Nalagarh	H.P	2500
3.	Raghuveer Metal Industries Ltd.	Ajmer	Rajasthan	2000
4.	Kali Metals Pvt Ltd	Hosur	Tamil Nadu	3500
5.	Jhelum Industries	Jammu	J & K	1000
6.	Radhey-Radhey Ispat (P) Ltd.	Kanpur	U.P.	1000

Financial Partners

The Company does not have any financial partners

OUR MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. The Company has 8 Directors as on date, out of which 4 are full time Directors including one Managing Director. The following table sets forth information regarding the Board of Directors, as on date:

Detail of Board of Directors

Name	Designation	Qualification	Age (Years)	Experience (Years)	Address	Occupation	Date of Appointment	Directorship in other Companies
Mr. Satish Kr. Agarwal	Chairman and Managing Director	B.E. (Mech.) Chairman	56	35	A-124, Sushant Lok, Phase-1, Gurgaon	Industrialist	12-09-1994	Kamdhenu Overseas (P) Ltd. Kamdhenu Cement Industries Limited Kamdhenu Concast Limited
Mr. Pradeep Kr. Agarwal	WTD	B.Sc.	45	19	5/2 Punjabi Bagh Delhi	Industrialist	12-09-1994	Kamdhenu Industries Ltd. Raghuvveer Metal Industries Ltd. Kali Metal (P) Ltd. Kamdhenu Cement Industries Limited Kamdhenu Concast Limited
Mr. Sunil Kumar Agarwal	WTD	B.E.(Chem.)	48	19	32, Sukh Chain Marg, DLF Phase-I, Gurgaon	Industrialist	01-01-03	Kamdhenu Cement Industries Limited Kamdhenu Concast Limited
Mr. Saurabh Agarwal	WTD	B.E.(Mech.)	31	6	A- 124 Sushant Lok Phase-I Gurgaon	Industrialist	01-01-03	Kamdhenu Overseas (P) Ltd. Kamdhenu Cement Industries Limited
Mr. Rakesh Goyal	Independent Director	B. A.	54	25	G-12 Jahawar Nagar, Kamala Nagar, Delhi	Business	24-06-05	Nav Bharat International Ltd. M.D. Rice Mills (P) Ltd. Diya Foods (P) Ltd.
Mr. Suresh Kumar Singhal	Independent Director	FCA	50	24	A-5, Adaesh Colony Civil Lines Rampur (UP)	Consultant	5-12-05	-
Mr. Rajiv Goel	Independent Director		34	12	76, Sukhdev Vihar New Delhi	Business	30-9-05	Bhai Build com (P) Ltd.
Mr. Pursatham Aggarwal	Independent Director		55	25	House No. ND4, Visakha Enclave Pitampura Delhi	Business	5-12-05	Purostham Industries Ltd.

The brief profile of the Directors of the Company other than Promoters is given below:

Mr Saurabh Agarwal

Mr Saurabh Agarwal, elder son of Shri Satish Agarwal is a young entrepreneur & is one of the Whole Time Directors of the Company. He has been appointed in this capacity since 01.01.2003. He is a professional and has pursued the course of BE (Mechanical). He has to his credit a total experience of 6 years in dealing with aspects like Technology Upgradation and bringing International Standards of quality in the Steel Industry to Kamdhenu Ispat Limited. He is involved in the production department of Kamdhenu Ispat Limited under the guidance of Board

Mr. Suresh Kumar Singhal

Mr. Suresh Kumar Singhal is an independent director of the Company since 5.12.2005. He is Chartered Accountant by profession. He has to his credit total experience of 24 years in dealing with aspects like taxation, company law and audit matters.

Mr. Rakesh Goyal

Mr. Rakesh Goel is an independent director in the Company since 24.06.2005. He is a graduate. He has experience in

the field of corporate world. He is one of the active directors in Nav Bharat International Limited, New Delhi having a turnover of Rs. 300 Crores. He is also associated with M.D. Rice mills Private Limited, Rudepur.

Mr. Rajiv Goel

Mr. Rajiv Goel is an Independent Director in the company since 30.9.2005. He has over 12 years experience of Trading of Steel Products. He is also a director in Bhai Building Com (P) Ltd.

Mr . Purshotam Aggarwal has over 25 years of experience in trading. He is also a director in Purshotam Industries Ltd.

Details of Borrowing Powers

Vide a resolution passed at the Annual General Meeting of the Company held on 28th September 2002, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs. 450.00 Lacs (Rupees Four Hundred and Fifty Lacs only) over and above the aggregate paid up capital of the company and its free reserves. The Board was also authorized to do all such acts, deeds and things as may be required for the purpose of giving effect to the above resolution.

Term & Remuneration of Managing Director and other Whole Time Directors

A. MR. SATISH KUMAR AGARWAL

Designation	Chairman & Managing Director
Period	5 Years
Salary	50000/-
Date of appointment	01-10-2001
Date of Shareholders Approval	29-09-2001

Sh. Satish Kumar Agarwal will be entitled to the following perks in addition to salary as above mentioned.

- Company's contribution towards Provident Fund wherever applicable as per the rules of the company, subject to a ceiling of 12 % of salary as laid down in the Income Tax Rules, 1961.
- Fees of club subject to maximum of two clubs. This will not include admission and life membership fees
- Provision of car and telephone at residence for the company's business will not be treated as a perquisite
- Expenses incurred on medical for the appointee and the family is reimbursement subject to ceiling of Rs. 15,000/- per annum.
- Leave Travel Concession for the appointee and the family once in a year incurred in accordance with the rules as prescribed by the Board of Directors of the company.
- Expenditure by the company on hiring unfurnished accommodation for use of Managing Director.

Note: The above salary and perks are as per terms revised and approved by the shareholders in the AGM held on 29th September, 2004

B. MR. PRADEEP KUMAR AGARWAL

Designation	Whole Time Director
Period	5 Years
Salary	50000/-
Date of appointment	01-10-2001
Date of Shareholders Approval	29-09-2001

Sh. Pradeep Kumar Agarwal will be entitled to the following perks in addition to salary as above mentioned

- Company's contribution towards Provident Fund wherever applicable as per the rules of the company, subject to a ceiling of 12 % of salary as laid down in the Income Tax Rules, 1961.
- Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.
- Provision of car and telephone at residence for the company's business will not be treated as a perquisite.
- Expenses incurred on medical for the appointee and the family is reimbursement subject to ceiling of Rs. 15,000/- per annum.
- Leave Travel Concession for the appointee and the family once in a year incurred in accordance with the rules as prescribed by the Board of Directors of the company.

Note: The above salary and perks are as per terms revised and approved by the shareholders in the AGM held on 29th September, 2004

C. MR. SUNIL KUMAR AGARWAL

Designation	Whole Time Director
Period	5 Years
Salary	50000/-
Date of Appointment	01-10-2001
Date of Shareholders Approval	29-09-2001

Sh. Sunil Kumar Agarwal will be entitled to the following perks in addition to salary as above mentioned

- Company's contribution towards Provident Fund wherever applicable as per the rules of the company, subject to a ceiling of 12 % of salary as laid down in the Income Tax Rules, 1961.
- Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.
- Provision of car and telephone at residence for the company's business will not be treated as a perquisite.
- Expenses incurred on medical for the appointee and the family is reimbursement subject to ceiling of Rs. 15,000/- per annum.
- Leave Travel Concession for the appointee and the family once in a year incurred in accordance with the rules as prescribed by the Board of Directors of the company.
- Expenditure by the Company on hiring unfurnished accommodation

Note: The above salary and perks are as per terms revised and approved by the shareholders in the AGM held on 29th September, 2004

D. MR. SAURABH KUMAR AGARWAL

Designation	Whole Time Director
Period	5 Years
Salary	25000/-
Date of Appointment	01-01-2003
Date of Shareholders Approval	31-12-2002

Sh. Saurabh Agarwal will be entitled to the following perks in addition to salary as above mentioned

- Company's contribution towards Provident Fund wherever applicable as per the rules of the company, subject to a ceiling of 12 % of salary as laid down in the Income Tax Rules, 1961.
- Fees of club subject to maximum of two clubs. This will not include admission and life membership fees.
- Provision of car and telephone at residence for the company's business will not be treated as a perquisite.
- Expenses incurred on medical for the appointee and the family, subject to ceiling of Rs. 15,000/- per annum.
- Leave Travel Concession for the appointee and the family once in a year incurred in accordance with the rules as prescribed by the Board of Directors of the company.
- Expenditure by the company on hiring unfurnished accommodation

Note: The above salary and perks are as per terms revised and approved by the shareholders in the AGM held on 29th September, 2004

Sitting Fees

The Directors shall not be paid any sitting fees for attending the meeting of the Board of Directors as on date. The payment of sitting fees in future shall be decided by Board of Directors according to the prevailing laws & regulations.

Others

The directors shall be reimbursed actual traveling expenses, hotel expenses and other expenses incurred for the Company's business and/or allowances as per Company's Rules.

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon the listing of our Equity Shares on the Stock Exchanges. Kamdhenu intends to comply with such provisions, including with respect to the appointment of independent Directors in the Board and the constitution of the following Board committees:

The Audit Committee;

The Remuneration Committee; and

The Investors Grievances Committee.

Kamdhenu has adopted the Corporate Governance Code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

The details of these committees are as follows:

Composition of Board of Directors:

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. As the Chairman of the Company is also the Managing Director of the Company accordingly not less than one half of the Board of Directors comprises of non-executive as well as independent Directors.

Audit Committee

Composition of Audit Committee:

The Committee currently comprises Mr. Suresh Kumar Singhal as the Chairman, Mr. Rajiv Goel and Mr. Rakesh Goyal as members. Mr. Arvind Gupta is the Secretary of the Committee

Brief role of Audit Committee

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, Half Yearly and Annual Accounts would be placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of all Non-Executive Directors. The Chairman and all other members of the Committee are independent directors. The Committee currently comprises of Mr. Rakesh Goyal as the Chairman, Mr. Rajiv Goel and Mr. Suresh Kumar Singhal as members. Mr. Arvind Gupta is the Secretary of the Committee. The Committee performs the functions of Remuneration Committee as recommended in the Listing Agreement to be entered into with the Stock Exchanges. It will determine the Company's policy on specific packages for Executive Directors.

Investors Grievances Committee

The Investors Grievances Committee looks into redressal of shareholder and investor complaints, 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 and reference to statutory and regulatory authorities. The Investors Grievances Committee currently comprises of Mr. Suresh Kumar Singhal as the Chairman, Mr. Rakesh Goyal and Mr. Saurabh Agarwal as members . Mr. Arvind Gupta is the Secretary of the Committee.

Shareholding of Directors in the Company

Sr. No.	Name of Directors	No. of Equity Shares	% of existing share capital
1.	Mr. Satish Kumar Agarwal	467122	7.52
2.	Mr. Pradeep Kumar Agarwal	433914	6.99
3.	Mr. Sunil Kumar Agarwal	410214	6.60
4.	Mr. Saurabh Agarwal	266500	4.29
5.	Mr. Suresh Kumar Singhal	Nil	Nil
6.	Mr. Rakesh Goyal	Nil	Nil
7.	Mr. Rajiv Goel	Nil	Nil
8.	Purshotam Aggarwal	Nil	Nil
	Total	1577750	25.40

Interest of the Promoters/Directors

Except as otherwise stated in this Prospectus, all the promoters/ directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

The Promoters/ Directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, Partners and or Trustees. All Promoters/ Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Kamdhenu Ispat Limited with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

The Managing Director & Whole Time Directors of the Company are interested to the extent of remuneration paid to them for services rendered to the Company (For more details, please refer "Related Party Disclosures" as mentioned

under Annexure XV of the Auditors' Report given on page 82 of this Prospectus). Further, the Directors are interested to the extent of Equity Shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares if any.

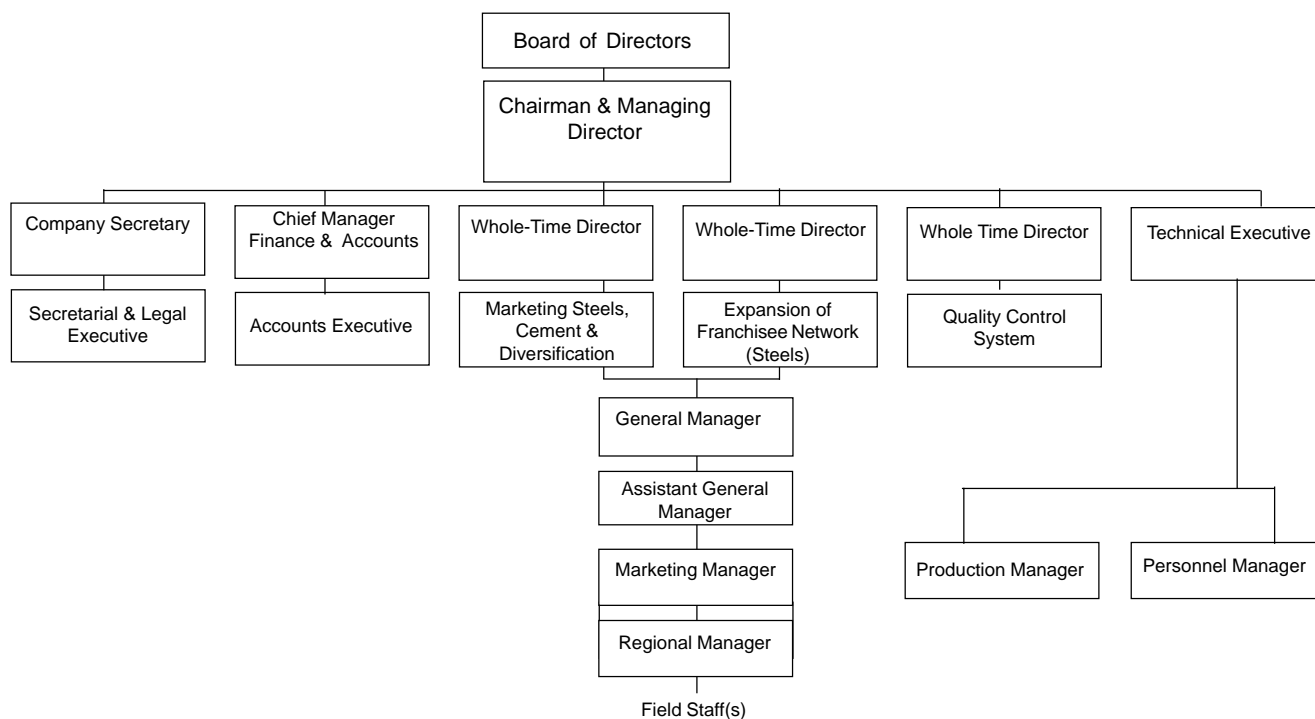
The Company has entered into rent agreement with Geeta Aggarwal wife of Mr. Pradeep Kumar Aggarwal for lease of registered office of the company. The Company is paying a rent of Rs. 8000 per month.

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

Changes in Directorships in last three years

Name of the Director	Date of Appointment	Date of Cessation	Reason
Neeraj Kumar Jain	—	20.01.2003	Resignation
Puneet Jain	—	20.01.2003	Resignation
Satish Kumar Kabu	25.06.2003	24.06.2005	Resignation
Rakesh Goyal	24.06.2005	—	Appointment
Subhash Chander Singhal	24.06.2005	05.12.2005	Resignation
Vineet Agarwal	25.06.2003	10.10.2005	Resignation
Pawan Kumar Vijay	30.09.2005	—	Appointment
Rajiv Goel	30.09.2005	—	Appointment
Pawan Kumar Vijay	—	15.10.2005	Resignation
Pursohtam Aggarwal	05.12.2005	—	Appointment
Suresh Kumar Singhal	05.12.2005	—	Appointment

ORGANISATION CHART – KAMDHENU ISPAT LIMITED



Details regarding the Key Managerial Personnel

Sr. No.	Name of Employee	Designation	Age	Qualification	Experience	Date of joining	Previous Employment
1.	Mr. Sachin Agarwal	Technical Executive	27 Yrs	BE, M.B.A (UK)	1 Yr.	1-04-2004	NA
2.	Mr. Anil Tondon	G.M.Marketing	40 Yrs	B.A. , M.B.A.	20 Yrs.	1-04-2002	G.D.Rathi steels Ltd.
3.	Himesh Mathur	Qty control Mgr.	35 Yrs	M.Sc.	9 Yrs	1-10-97	Rathi ispat ltd. Alwar
4.	Mr. S.K. Joshi	G.M. Plant	48 Yrs	Diploma in Metallurgy	25 yrs	22-9-97	Ashiana group
5.	Mr. L.C. Yadav	Personnel Manager	55 Yrs	B.A.	30 Yrs.	22-9-97	Haryana Komcas Ltd. Hissar
6.	Mr. Arvind Gupta	Company Secretary & Compliance officer	30 Yrs	ACS, M.Com	5 Yrs.	1.11.2003	Ace India Limited
7.	S.M.Agarwal	Vice President (Orissa Project)	67 Yrs	Graduate	30 Yrs.	25.10.2004	Self Business
8.	Mr.Vineet Agarwal	Chief Manager (F&A)	32 yrs	M.Com,C.A.(inter)	8 Yrs.	11.10.05	Self Employee
9.	Mr.Satish Kabu	G.M.(Marketing Cement)	50yrs	B.Sc.,MDBA	7 Yrs.	01.07.05	Lt. col in Army

Mr Sachin Agarwal

Mr. Sachin Agarwal, technical executive, is qualified as a Bachelor of Engineering in Industrial Engineering Management and has also done Management course from U.K. in International Management. He holds an experience of one year in the technical field. His present work profile includes looking after the technical matters in the Company viz. production, quality and working of plant and machinery.

Mr. Anil Tondon

Mr. Anil Tondon, General Manager (Marketing), is a graduate in Arts and has done management course (MBA). He holds an experience of 20 years in the relevant field. Earlier he was working with G.D. Rathi Steels limited. His present work profile involves all the matters related to the field of marketing in the Company.

Mr. Himesh Mathur

Mr. Himesh Mathur, Quality Control Manager, is a postgraduate in the field of science. He has about 9 years of experience in the relevant field. He was earlier working with Rathi Ispat Limited, Alwar. Presently he looks after all the Quality Control related aspects in the Company and all franchisee units..

Mr. S. K. Joshi

Mr. S. K. Joshi, General Manager (Plant), holds a diploma in Metallurgy. He has a vast experience of about 25 years in the relevant field. He was earlier working with Ashiana Group of Companies. Presently he looks after overall management of the plant and all the related activities thereto.

Mr. L.C. Yadav

Mr. L.C. Yadav, Personnel Manager, is a graduate in the field of Arts. He has experience of about 30 years in the relevant field. He was earlier employed with Haryana Komcas Limited, Hissar. Presently he handles the Human resource management in the company and all the related matters pertaining thereto.

Mr. Arvind Gupta

Mr. Arvind Gupta, Company Secretary of the Company, is a science graduate and a post graduate in commerce . He is a member of the Institute of Company Secretaries of India and has an experience of about 5 years in the relevant field. He was earlier employed with Ace India Limited. His present work profile includes looking after all the secretarial matters of the Company. He is also the " Compliance Officer " of the Company.

Mr. S.M.Agarwal

Mr. S.M. Agarwal is looking after the Orissa project. He has rich experience of over thirty years.

Mr. Vineet Agarwal

Mr Vineet Agarwal is a commerce post graduate and C.A. (inter). He has rich knowledge of Finance and Accounts and has experience of more than eight years in senior position.

Mr. Satish Kabu

Mr Satish kabu is a science graduate and have a master diploma in business administration. He is a retired person from the post of Lt. Colonel from the army. He is having an enrich knowledge of marketing and administration.

All the above employees and whole time directors/ Managing Directors are on the roll of the Company as permanent employees/whole time directors/managing director. It is confirmed that except as otherwise stated in this Prospectus, all the above-mentioned key managerial personnel has no other material / pecuniary interest in the Company.

Further, none of the key managerial personnel has been selected as director / member of senior management by virtue of any arrangement or understanding with major shareholders, customers, suppliers or others.

Shareholding of Key Managerial Personnel

There is no shareholding of any of the Key Managerial Personnel in the Company except as stated below:

Name of the Key Managerial Employee	Number of shares held	% of existing share capital
Mr. Sachin Agarwal	171280	2.76
Mr. Satish Kumar Kabu	555000	0.89

Employees Share Purchase Scheme/Employee Stock Option Scheme

We do not have any stock option scheme or stock purchase scheme for the employees of our Company.

Payment or benefit to officers of our Company

We have not paid any amount or benefit or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Changes in Key Managerial Personnel

Name of KMP	Date of Appointment	Date of Cessation	Reason
Mr. Vineet Agarwal	11.10.2005	—	Appointment
Mr. Satish Kumar Kabu	01.07.2005	—	Appointment

Related party transactions

For the details of related party transactions please refer to Annexure-XV of the Section titled "Financial Information" appearing on page 82 & 83 of this prospectus.

OUR PROMOTERS

PROMOTERS



MR. SATISH KUMAR AGARWAL - CHAIRMAN AND MANAGING DIRECTOR

Mr. Satish Kumar Agarwal, 56, is the Chairman cum Managing Director of the Company since its incorporation. He holds a degree in B.E (Mech.) (Gold Medalist) from Banaras Hindu University in 1970 and has to his credit an experience of more than 35 years. He started his career in the year 1970 as a partner in Arya Krishi Yantra Udyog Shala, Muzaffarnagar, U.P. a parental company manufacturing Sugar Machinery, Agricultural implements having Foundry Shop, Machine Shop & Assembly Shop.

In 1974, he joined M/s. Muzaffarnagar Refractories Pvt. Ltd. as a Director and was looking after the Production, Marketing and Administration of the Unit manufacturing quality refractory products at Meerut Road, Muzaffarnagar.

In 1986, he joined M/s. Vikas Refractories Pvt. Ltd., Muzaffarnagar as Managing Director and was overall incharge of the Production, Marketing and Administration of the Unit manufacturing quality refractory products.

In 1994, he in association with his younger brothers, floated Kamdhenu Ispat Limited for manufacturing of TMT Bars and CTD Bars at Distt. Bhiwadi (Raj) 76 KM. from New Delhi. TMT Bars and CTD Bars are commonly used in construction industry as the basic reinforcement material for multistoried buildings, dams, bridges, flyovers and power plants.

Kamdhenu Ispat Limited is one of the major manufacturer of International quality Steel bars in India and has ISO-9001:2000 certification by ABS Quality Evaluation System, USA. Under the guidance of Mr. Satish Agarwal the Company has grown from a small manufacturing unit to a major player in domestic market.

Voter Id number	MQM/1276252
PAN	ACOPA8349L
Driving License number	S-805/MZN/92
Passport number	A-8577636



MR. PRADEEP KUMAR AGARWAL - WHOLE TIME DIRECTOR

Mr. Pradeep Kumar Agarwal, 45, Whole Time Director of the Company is a Science Graduate and has a management experience of more than 19 years in different companies of repute. He is responsible for the marketing of company's products in various parts of the country. He is instrumental in creating a network of dedicated dealers and distributors for Kamdhenu Ispat Limited spread across the Country.

PAN	AGGPA0279D
Driving License number	P2511/MZN/97
Passport number	A5374340



MR. SUNIL KUMAR AGARWAL - WHOLE TIME DIRECTOR

Mr. Sunil Kumar Agarwal 48, is B.E. (Chemical) from H.B.T.I. Kanpur. He has to his credit an overall experience of more than 25 years in Production and Commercial areas in Steel Industry.

He started his career as a Director in M/s. Bhagirathi Iron & Steel (P) Ltd., Muzaffarnagar. He is responsible for identifying companies and units involved in manufacture of CTD Bars and TMT Bars which can be considered for strategic tie-ups. Upgrading the plants of these units making them viable for manufacture of international quality bars before, these units are made part of the Kamdhenu Ispat Limited and the units manufacture products under Kamdhenu Brand.

The company gets royalty from these units for using Kamdhenu Brand. In this manner, consumer's spread across the country are able to get Kamdhenu Brand of products in the vicinity of their locality.

Voter Id number	UP/82/408/468276
PAN	ACOPA8342B
Driving License number	2668/MZN/90
Passport number	F2136999



Mrs. SHAFALI AGARWAL

Mrs. Shafali Agarwal is a Science graduate. She is wife of Late Sh. Shailendra Agarwal (younger brother of Satish Kumar Agarwal).

Voter Id number	UP/82/408/468279
PAN	ACOPA8345G
Driving License number	—
Passport number	E3067135

**CORPORATE PROMOTER
M/S KAMDHENU OVERSEAS PVT. LTD.**

The Company was incorporated on December 05, 2002, as a private limited Company vide Certificate of Incorporation No. U51909DL2002PTC117931 of 2002–2003. The Certificate of incorporation was issued by the Registrar of Companies NCT of Delhi and Haryana.

The main objects for which the Company was incorporated are:

1. To carry on the business as buyers, sellers, exporters, importers, distributors, brokers, factors, stockist, commission agent and dealers, of the leather and leather made ups, fabric and fabrics made ups, readymade garments, handicrafts, granites, marbles, slabs and stones of all kinds, precious, semi-precious stones, canned & processed food products, sweets, namkins, and confectionery items, brass ware items, ceramic items, items of bone china, carpets, furnishing items, cosmetics and artificial jewelry, gift items of engineering goods, machine tools, small tools, ferrous & non-ferrous metals, ferrous & non-ferrous alloys, iron pipe fittings, bolts, bicycles

and accessories, automobile parts and steel, stainless steel, M. S. Bars and other iron products, ores and scrap, metallurgical residue, hides, skins, bristles, raw and manufactured tobacco, hems, seeds, oil and cakes, vanaspati, textiles, fibre and wasted coir and jute and products thereof, wood, timbers, bones crushed and uncrushed industrial and fashion diamonds, coal and charcoal, glue gums and resin, ivory, lack, pulp and wood, rags, rubber, canning substances, wax, quarts, crystal chemical and chemical preparations, other organic & inorganic chemicals, plastic and linohium articles, handloom, toys, liquid gold, ornaments pearls, medicines, soaps, paints, instruments, apparatus, appliances, machinery and mill store and parts thereof, paper and stationery all types of sorts goods, textiles, decorative, hand and machine made rugs, artificial silk cotton, woolen clothes and all sorts of apparels, dressing materials, cosmetics, wigs, beltings, cinematographs films exposed, gramophone records, starch, umbrella, crown corks, battery, surgical and musical instruments, hardware items, all kinds of books and manuscripts, electric and electronic products of all kinds, sanitary ware, cellulose and pulses, provisions, perfume and fragrance, spices, tea, coffee and molasses, vegetable mushroom and its products, fish, fish products, audio, video, petrochemicals products, medical equipment, pharmaceutical items., all types of furniture, computer, software & hardware, telecommunication equipment and other electronic items.

2. To appoint dealers and establish sale depots, retail outlets and to act as sales and service agent, information and technology service provider, establish educational institutions in India or overseas, principals for products and other related items mentioned in sub clause (1) above.
3. To carry on in India or abroad business or importers, merchants, general order suppliers, commission agent, representatives, distributors, contractors, indent-agent, royalty owners, auctioneers, mercantile agents, factors, organizers, concessionaires, sole agent, as referred to in sub clause (1) above.

Shareholders as on 31.12.2005

Name of the shareholder	No. of Shares	% Holding
Sh. Satish Kumar Agarwal	15000	4.50
Smt. Radha Agarwal	10000	3.00
M/s Satish Kumar Agarwal (HUF)	52500	15.74
Sh. Saurabh Agarwal	92500	27.74
Sh. Sachin Agarwal	90000	26.99
Sh. Arjun Agarwal	2000	0.60
M/s Manoj Jain & sons	2500	0.75
M/s Salik Chand Jain & Sons(HUF)	2500	0.75
Sh. Sudhir Jain	1500	0.45
Smt. Kusum lata Shrawat	2500	0.75
Smt. Sadhna Singhal	2500	0.75
Smt. Suman Jain	2500	0.75
Smt. Sunita Jain	2500	0.75
Gaurav holding (p) Ltd.	5000	1.50
Jay baba Traders (P) Ltd.	5000	1.50
Ommi Associates (P) Ltd.	9000	2.70
Shilpa Holding Ltd.	10000	3.00
Shreevar overseas Ltd	8000	2.40
SI Housiery (P)LTd.	5000	1.50
Sonal Tie _ up (P)) ltd.	8000	2.40
Victor credit & construction Ltd.	5000	1.50
	333500	100

Directors as on 31.12.2005

SI. No.	Name	Address
1.	Shri Satish Kumar Agarwal	A-124, Sushant Lok I, Gurgaon, Haryana
2.	Shri Saurabh Agarwal	A-124, Sushant Lok I, Gurgaon, Haryana
3.	Shri Sachin Agarwal	A-124, Sushant Lok I, Gurgaon, Haryana

Financial Results**Rs. In Lacs**

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	1.28	13.91	0.03
Profit after taxation	(0.31)	0.42	(0.20)
Equity Share Capital	33.35	27.85	1.00
Reserves (excluding Revaluation Reserves)	66.06	39.37	0.00
Net Worth	98.39	68.32	0.49
NAV per Share(Rs.)	29.50	24.53	4.86
EPS per Share (Rs)	(0.09)	(0.15)	(2.04)

Figures in () represent negative figures

The Company is not a listed company. There are no defaults in meeting any statutory dues. No proceedings have been initiated for any economic offence against the company. The Company is neither a sick company nor is under winding up.

Declaration

We confirm that Permanent Account No., Bank Account No., Passport No. of the promoters namely Shri Satish Kumar Agarwal, Shri Pradeep Kumar Agarwal, Shri Sunil Kumar Agarwal and Mrs. Shafali Agarwal and Permanent Account No., Bank Account No., Company Registration No. and address of Registrar of companies in case of Kamadhenu Overseas Pvt. Ltd. have been submitted to BSE at the time of filling of this Offer Document with them.

Common Pursuits

Most of our group Companies also deals in the main product of the Company i.e Steel Bars, Ingots etc. We presently source a part of our total requirement of steel ingots/billets from them. Though transactions are done on Commercial terms and on an arms length basis yet this can result in a possible conflict of business interest in a limited way.

Interest of promoters

The Promoter may be deemed to be interested to the extent of shares held by them, their friends or relatives and benefits arriving from their holding directorship in the Company.

The following Companies/ ventures/ firms promoted by the promoter(s) of the Company and the promoters may be deemed to be interested in these companies:

Name of the Concern	Type of Concern	Name of the Promoter
Kamdhenu Industries Limited	Company	Pradeep Kumar Agarwal
Raghuveer Metal Industries Limited	Company	Pradeep Kumar Agarwal
Kali Metals Private Limited	Company	Pradeep Kumar Agarwal
Kamdhenu Overseas Private Limited	Company	Satish Kumar Agarwal
Kamdhenu Cement Industries Limited	Company	Satish Kumar Agarwal, Pradeep Agarwal, Sunil Kumar Agarwal
Kamdhenu Concast Limited	Company	Satish Kumar Agarwal, Pradeep Agarwal, Sunil Kumar Agarwal

Relationship between the Promoters, Directors and Key Management Personnel

Mr. Satish Kumar Agarwal, Mr. Pradeep Agarwal and Mr. Sunil Kumar Agarwal are brothers. Mrs Shafali Agarwal is the wife of late Mr. Shailendra Agarwal (Brother of Mr. Satish Kumar Agarwal, Mr. Pradeep Agarwal and Mr. Sunil Kumar Agarwal).- Mr. Satish Kumar Agarwal is the father of Mr. Saurabh Agarwal and Mr. Sachin Agarwal.

Payment or benefit to promoters of our company

The Company has entered into rent agreement with Geeta Aggarwal wife of Mr. Pradeep Kumar Aggarwal for lease of registered office of the company. The Company is paying a rent of Rs. 8000 per month.

Except as stated in the prospectus, no amount or benefit has been paid or given within the two preceding years or its intended to be paid or given to any of our promoters except the normal remuneration for services rendered as Directors.

Related Party Transactions

For details on related party transactions, please refer to the section titled "Financial Statements" beginning on page 82 of this Prospectus.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

As per the terms of a loan obtained from State Bank of Bikaner and Jaipur, Alwar we are required to obtain their consent for distribution of dividends.

FINANCIAL INFORMATION

Auditors Report

The Board of Directors
Kamdhenu Ispat Ltd.
5/2 Punjabi Bagh Exn.
New Delhi

We have examined and found correct the Audited Accounts of **Kamdhenu Ispat Ltd** for the past five financial years ended on March 31 2001, 2002 2003, 2004, 2005 being the last date up to which the accounts of the Company have been made up and audited by us. We have also examined the accounts of the company for the period from April 1, 2005 to December 31, 2005 prepared and approved by the Board of Directors of the company. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

- a. The restated profits of the Company for the period from April 1, 2005 to December 31, 2005 and financial years ended March 31 2005, 2004 2003, 2002, 2001 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.
- b. The restated assets and liabilities of the Company as at December 31, 2005, March 31 2005, 2004 2003, 2002, 2001 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes on Accounts appearing in Annexure IV to this report.
- c. We have examined the cash flow statement relating to the Company for the period from April 1, 2005 to December 31, 2005 and financial years ended 31st March 2005 and 31 March, 2004 appearing in Annexure V to this report.
- d. The rates of dividends paid by the Company in respect of the financial years ended March 31 2005 2004, 2003, 2002 and 2001 and for the period from April 1, 2005 to December 31, 2005 are as shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
 1. Performance Ratios as appearing in Annexure VII to this report
 2. Capitalization Statement as at December 31, 2005 as appearing in Annexure VIII to this report
 3. Statement of tax shelters as appearing in Annexure IX to this report
 4. Details of other income as appearing in Annexure X to this report
 5. Details of sundry debtors as appearing in Annexure XI to this report
 6. Details of loans and advances made to persons or Companies in whom/in which Directors are interested as appearing in Annexure XII to this report
 7. Details of unsecured loans as appearing in Annexure XIII to this report
 8. Details of secured loans as appearing in Annexure XIV to this report
 9. Details of transactions with related parties as appearing in Annexure XV to this report
 10. Details of aggregate value and market value of quoted investments as appearing in Annexure XVI to this report
 11. Details of expenditure incurred on the project as appearing in Annexure XVII to this report
 12. Details of qualifications appearing in the audit Report as given in Annexure XVIII to this report
 13. Details of changes in Significant Accounting Policies as given in Annexure XIX to this report

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Account attached in Annexure III & IV respectively to this report, after making adjustments and regroupings as considered appropriate has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.

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

For S.Singhal &Co.
Chartered Accountants

Partner
(R.K. Gupta)
Membership No. 73846

Date: 17.01.2006
Place: Bhiwadi

Annexure - I

Statement of Profit & Loss Account (As Restated)

(Rs in lacs)

Particulars	For the year ended					
	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
SALES						
Of Products Manufactured by the Company	8820.97	9702.50	7011.57	5133.76	4467.65	3845.95
Of products Traded by the Company	679.70	2926.60	1346.56	181.99	166.29	6.00
Increase/ (Decrease) in stocks	88.64	(4.38)	(180.70)	156.39	49.27	83.82
Other Income*	254.68	116.90	55.22	199.53	194.94	239.78
Total	9843.99	12741.62	8232.65	5671.67	4878.15	4175.55
EXPENDITURE						
Material Consumed	6112.10	6680.85	4935.33	3791.67	3253.71	2836.35
Cost of goods traded in	631.65	2802.53	1225.34	153.82	165.53	-
Manufacturing Expenses	1154.02	1559.54	655.00	610.56	515.98	501.34
Personnel Expenses	80.82	96.24	46.48	49.73	47.64	42.95
Other Operating Expenses	251.99	252.01	265.54	181.31	103.24	99.29
Excise Duty	1230.34	956.97	831.37	768.90	689.18	601.24
Misc.and Deferred Revenue Exp. W/Off	-	1.11	1.11	0.69	0.69	0.69
Total	9460.92	12349.25	7960.17	5556.68	4775.97	4081.86
Profit before Interest, Depreciation and Tax	383.07	392.37	272.48	114.99	102.18	93.69
Depreciation	52.38	69.95	55.70	51.27	48.73	38.02
Profit before Interest and Tax	330.69	322.42	216.78	63.72	53.45	55.67
Interest & Finance Charges	44.38	59.32	34.27	23.88	24.36	28.74
Loss on sale of Investment/Assets	-	-	2.29	-	1.08	-
Net Profit Before Tax	286.31	263.10	180.22	39.84	28.01	26.93
Provision For Taxation						
Current Tax	99.24	87.54	52.19	10.57	1.08	1.32
Deferred Tax	2.38	4.37	13.52	6.58	-	-
Net Profit After Tax	189.45	171.19	114.51	22.69	26.93	25.61
Prior Period adjustment	-	1.94	0.84	56.73	11.06	-
Net profit after tax after adjusting prior period item	189.45	173.13	115.35	(34.04)	15.87	25.61

*Other Income includes Royalties received from Franchisee units for permitted use of "Kamdhenu" Brand.

Annexure – II
Statement of Assets and Liabilities (As Restated)

Particulars	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31,2001
A FIXED ASSETS						
Gross Block	1070.49	967.80	882.50	708.02	687.89	575.53
Less: Depreciation	341.37	288.65	237.64	235.85	191.44	137.68
Net Block	729.12	679.15	644.86	472.17	496.45	437.85
Less : Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	729.12	679.15	644.86	472.17	496.45	437.85
Capital Work in Progress	20.81	11.80	-	9.15	-	-
Total Fixed Assets (A)	749.93	690.95	644.86	481.32	496.45	437.85
B INVESTMENTS (B)	144.10	0.10	2.00	2.00	11.93	11.93
C CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	501.00	575.62	341.53	557.47	251.27	251.46
Sundry Debtors	1197.07	1338.76	591.30	536.67	376.06	616.44
Cash and bank Balance	118.97	103.14	84.15	101.80	101.24	70.70
Loans and Advance	323.70	323.16	192.45	129.02	99.05	110.54
Total (C)	2140.74	2340.68	1209.43	1324.96	827.62	1049.14
D LIABILITIES AND PROVISIONS						
Secured Loans	250.95	388.99	340.22	253.63	101.89	215.31
Unsecured Loans	318.13	280.61	82.45	82.48	87.52	152.96
Current Liabilities & Provision	685.47	1286.11	736.94	932.63	643.46	714.74
Deferred Tax liability	78.81	81.20	76.83	63.31	-	-
Total (D)	1333.86	2036.91	1236.44	1332.05	832.87	1083.01
E Share App. Money	568.00	222.76	-	100.70	144.25	73.59
F NET WORTH (A+B+C-D-E)	1133.41	772.06	619.85	375.53	358.88	342.32
F REPRESENTED BY:						
Share Capital	621.11	532.00	380.00	250.03	200.04	200.04
Total Reserves and Surplus	586.45	263.33	242.21	126.88	160.92	145.05
Less Revaluation Reserves	-	-	-	-	-	-
Net Reserve and Surplus	586.45	263.33	242.21	126.88	160.92	145.05
Miscellaneous Expenditure	74.15	23.28	2.38	1.38	2.08	2.77
NET WORTH	1133.41	772.06	619.85	375.53	358.88	342.32

Annexure - III

Significant Accounting Policies:

A. ACCOUNTING POLICES for the financial year 2004-05

The accounts are prepared and complied with the accounting standards issued by The Institute of chartered Accountants of India and requirement of the companies Act, 1956. the significant accounting policies followed by the company are below:

- a) Valuation of Inventories
 1. Raw Material, stores & Spares, Packing Material, Fuel, Stock in process are valued at cost
 2. Finished goods are valued at cost or realizable value whichever is less.
 3. Waste & scrap and Runner & Riser are valued at realizable value.
- b) Sales
Sales are stated net of sales returns.
- c) Fixed Assets :
 1. Fixed Assets are stated at cost .Cost includes installations and expenditure during construction period wherever applicable.
 2. Depreciation on fixed assets has been provided on straight-line method at the rate prescribed under Schedule XIV of the companies Act.1956 on pro-rata & actual shift working basis. The amount of deprecation on fixed assets of Orissa project under implementation has been charged to Pre-operative Expenses. However the company was charging depreciation on written down value method up to financial year 31.03.2003, thereafter it has changed the method of depreciation from Written Down Value to Straight Line Method. The amount of depreciation has been restated as per Straight Line Method in the respective effective years.
- d) Misc. Expenditure
 1. Preliminary expenses incurred up to 31.03.1998 are being written off over a period of 10years.
 2. Expenses for increasing of authorized share capital incurred after 31.03.1998 are being written off over a period of 5 years.
 3. Preliminary & Pre-operative expenses incurred during the year for the new project at Orissa will be written off/ allocated to fixed assets after commencement of commercial production.
- e) Investments are valued at cost. Profit & Loss is being accounted for on actual realization.
- f) CENVAT
Cenvat claimed on Plant & Machinery is reduced from the cost of Plant & Machinery. Cenvat claimed on purchases of raw materials and other materials reduced from the cost of such materials.
- g) PROVISION FOR CURRENT AND DEFERRED TAX
Provision for current tax is made after taking into consideration benefits admissible under the provision of income tax Act, 1961. Deferred tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the date of balance sheet. The deferred tax liability is recognized and carried forward only to the extent that there is a reasonable certainty that the same will be realized in future.

Annexure - IV

B. NOTES ON THE ACCOUNTS for the financial year 2004-05

- 1 The Loan from ICICI are secured against hypothecation of cars.
- 2 Working capital Loan from State Bank of Bikaner & Jaipur is secured against hypothecation of goods & Debtors and Second charge over Land, Building and Plant & Machinery mortgaged with RIICO Limited as first charge and personal guarantee of the Directors. It is also secured against first charge by way of equitable mortgage of Land & Building at plot noA-1112, R.I.A. Bhiwadi and two residential flats of the company.
- 3 Term Loan are secured against first charge by way of equitable mortgage of land & building at plot no-1114, R.I.A. Bhiwadi and by hypothecation of all other moveable assets machinery and all other moveable assets (save except book debts) present and future and personal guarantee of Directors.
- 4 Stores & Spares and salary and wage incurred during the year of repairs and maintenance of Plant & Machinery etc. has been charged to the former accounts and not has been shown separately.
- 5 Balance of Sundry Debtors, creditors, advances and unsecured loan as on are subject to confirmation. The balance of sundry debtors and creditors are arrived after netting of advances from debtors and advance to creditors respectively.
- 6 Contingent Liabilities not provided for as on 31.03.2005.
 - (i) On account of pending appeals of the Income Tax, Excise Duty, Sales Tax assessment Rs.47.10Lac.
 - (ii) On account of estimated accrued amount of gratuity to the employees who have not completed qualifying period of service as on 31.03.2005 is worked out of Rs. 0.66 lac.

- 7 The company is manufacturing CTD/TMT Bars and M.S.Ingot. But MS Ingot used as raw material of CTD/TMT Bars i.e. captively consumed, as both the product are interrelated covered in a single segment of Iron & Steel hence Accounting Standard-17 "Segment Reporting" issued by ICAI is not applicable on the company.
- 8 As per Accounting Standard -18 "Related Party disclosure" issued by The Institute of Chartered Accountant of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(Rs in Lac)

Nature of Transactions	Key Mgt. Personnel		Others	
	2004-05	2003-04	2004-05	2003-04
Remuneration to KMP:-				
Sh. Satish Kumar Agarwal	4.50	3.00		
Sh.Pradeep Kumar Agarwal	4.50	3.00		
Sh. Sunil Kumar Agarwal	4.50	3.00	—	—
Sh.Saurab Agarwal	2.40	1.80	—	—
Sh. Vineet Agarwal	0.58	0.54	—	—
Sh. Satish Kumar Kabu	1.20	0.72	—	—
Purchase of Raw Material:-				
M/s Raghuvver Metal Ind. Ltd.	—	—	511.60	240.08
Sales of Goods :-				
M/s Raghuvver Metal Ind. Ltd.	—	—	—	8.11

Notes of related parties and description of relationship

Nature of Relationship	Name of Related Party
Key Management Personnel	Sh.Satish Kumar Agarwal, Managing Director
	Sh.Pradeep Kumar Agarwal, Whole Time Director
	Sh.Sunil Kumar Agarwal, Whole Time Director
	Sh.Saurabh Kumar Agarwal, Whole Time Director
	Sh.Vineet Agarwal, Director
	Sh.Satish Kumar Kabu, Whole Time Director
	Others
	M/s Raghuvver Metal Ind. Ltd.

9. Current Tax figure shown in the Statement of Profit & Loss Account has not been restated due to the effect of change in method of Depreciation.

Annexure – V

Cash Flow Statement:

Rs. in lacs

Particulars	01/04/2005 to 31/12/2005	Year Ended March 31, 2005	Year Ended March 31, 2004
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax and Extraordinary Items	286.31	263.10	180.22
Adjustments for:			
Depreciation	52.38	69.95	55.70
Other Income			
Interest Expenses	44.38	59.32	34.26
Loss on Sale of Assets	-	-	2.29
Miscellaneous expenses written off	-	1.11	1.11
Operating profits before working capital changes	383.07	393.48	273.58
Adjustments for:			
Inventories	74.63	(234.10)	215.93
Trade & Other Receivables	141.15	(878.18)	(118.06)
Trade Payable & Other Liabilities	(600.63)	549.17	(195.69)
Cash generated from operations			
Income tax paid/provision	(99.24)	(87.53)	(52.19)
Interest Paid	-	(2.25)	(0.83)
Cash Flow Before Extraordinary Items	(101.02)	(259.41)	122.75
Extraordinary items (Prior Year Adjustment)	-	1.94	0.85
Net cash from Operating Activities (A)	(101.02)	257.47	123.60

Particulars	01/04/2005 to 31/12/2005	Year Ended March 31, 2005	Year Ended March 31, 2004
CASH FLOW FROM INVESTING ACTIVITIES			
Capital work in progress	(20.81)	(11.81)	—
Purchase of fixed assets (net)	(90.88)	(104.24)	(225.02)
Sale/(Purchase) of Investment	(144.00)	1.90	3.5
Pre operative exps	(34.95)	(6.45)	—
Deferred revenue expenditure	—	(5.90)	—
Net cash used for Investing Activities (B)	(290.64)	(126.50)	(221.52)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest & Finance Charges	(44.38)	(57.07)	(33.44)
Proceeds from Issue of Share Capital & Share Premium	222.77	—	29.26
Share Application money received/(allotted)	345.23	222.77	—
Net Proceeds/Repayments of loan term loans	(43.09)	23.40	81.16
Net proceeds/repayment of short term loans	(94.96)	25.37	5.49
Repayment/received of unsecured loan	37.52	209.00	(0.10)
Miscellaneous expenditure	(15.60)	(9.66)	(2.10)
Net cash from Financing Activities (C)	407.49	413.81	80.27
Net Increase in cash and cash equivalents (A+B+C)	15.83	29.84	(17.64)
Cash and Cash equivalents at beginning of the year	103.14	73.30*	101.80
Cash and Cash equivalents at end of the year	118.97	103.14	84.16*

Note: 1. Figures in () denotes cash outflow

2.* Difference is on account of regrouping of temporary overdraft of Rs.10.86 lacs for the year ended 31.03.2005.

3. The cash flow statement has been prepared in accordance with the requirement of Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountant of India.

Annexure – VI

Statement of dividend paid:

Rs. in lacs

Particulars	For the year/period ended					
	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
On Equity share capital	Nil	Nil	Nil	Nil	Nil	Nil
Paid up share capital (Rs. in lac)	621.11	532.00	380.00	250.03	200.04	200.04
Face value (Rs.)	10	10	10	10	10	10
Rate of Dividend %	-	-	-	-	-	-
Amount of Dividend	-	-	-	-	-	-
Corporate Dividend tax	-	-	-	-	-	-

Annexure – VII**Performance Ratios:**

Particulars	For the year/period ended as on					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Earnings per share (Rs.)	4.07*	3.22	4.52	1.01	1.35	1.28
Return On Net Worth (%)	22.29*	22.17	18.47	6.04	7.50	7.48
Net Asset Value/Book value						
Per share (Rs.)	18.25	14.51	24.44	15.02	17.94	17.12

*Annualised

1. Earnings per share (Rs.) = Profit available to equity shareholders/No. of equity shares
2. Return on Net worth (%) = Profit after taxation/Net worth X 100
3. Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares

Annexure – VIII**Capitalization Statement:**

(Rs.in Lac)

Particulars	Pre Issue As at Dec 31, 2005	Post Issue
Total Debt:		
Short Term Debt	222.34	222.342
Long Term Debt	346.74	346.749
Shareholders Funds:		
Share Capital	621.11	1901.11
Reserves & Surplus	586.45	2404.96
Less: Misc. expenditure	74.15	222.76
Total Shareholders Funds	1133.41	4083.31
Long Term Debt/Shareholders funds	0.30	0.08

Annexure – IX**Statement of Tax Shelters**

(Rs in Lac)

Particulars	For the year ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Profit before current and deferred taxes, as restated (A)	286.31	263.09	180.22	39.84	28.01	26.93
Tax rate, % (E)	33.66	36.59	35.88	36.75	35.70	39.55
Tax impact	96.37	96.26	64.66	14.64	10	10.65
Adjustments						
Permanent differences						
Deduction u/s 80HHC of the Income Tax Act						
Deduction u/s 80IB of the Income Tax Act						
Other adjustments	1.45	7.91	4.86	(1.06)	(9.32)	(9.92)
Total (B)	1.45	7.91	4.86	(1.06)	(9.32)	(9.92)
Temporary differences						
Difference between book depreciation and tax depreciation	7.08	(28.03)	(39.59)	(7.79)	(18.69)	(17.01)
Research & Development expenditure						
Total (C)	7.08	(28.03)	(39.59)	(7.79)	(18.69)	(17.01)
Net Adjustment (B+C)	8.53	(20.12)	(34.73)	(8.85)	(28.01)	(26.93)
Tax (saving)/burden thereon	2.87	7.36	12.46	3.25	10.00	10.65
Net tax payable as per income tax returns	99.24	88.90	52.20	11.39	0.23	1.32
					(MAT)	(MAT)

Notes:

1. The figures of all the years are as per the Returns of Income filed and the effect of change in method of depreciation has also been considered.

Annexure – X**Details of Other income**

Rs. In Lacs

Particulars	For the period/year ended					
	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Income From Interest	2.23	1.03	4.22	2.62	3.31	7.14
Miscellaneous income#	252.45	115.87	50.99	196.91	191.62	232.65
Total	254.68	116.90	55.21	199.53	194.93	239.79

Includes Royalty received from franchisee units for permitted use of "Kamdhenu" Brand

Annexure – XI**Sundry Debtors:**

Rs. in Lacs

Particulars	For the period/year ended					
	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Debtors outstanding for a period exceeding six months	61.48	43.70	32.68	27.18	37.15	25.37
Others	1135.59	1295.06	558.62	509.48	338.91	291.06
Total	1197.07	1338.76	591.30	536.66	376.06	616.43

Annexure – XII**Loans & Advances:**

There are no loans to Companies in which Directors are interested.

Annexure – XIII**Unsecured Loans:**

Rs. in Lacs

Particulars	For the period/year ended					
	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
From bodies corporate	145.02	167.22	-	-	-	-
Security from Dealers & Customers	173.11	113.39	71.60	71.70	71.70	106.80
Fixed Deposits		-	-	-	-	-
Redeemable Non-Convertible						
Debentures	-	-	-	-	-	-
Others	-	10.85	10.78	15.83	46.16	-
Total	318.13	280.61	82.45	82.48	87.53	152.96

Annexure – XIV**Secured Loans:**

Rs. In Lacs

Particulars	For the period/year ended					
	December 31,2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Term loan	173.63	216.71	193.32	112.15	25.57	23.48
Working Capital Loan	77.32	172.28	146.90	141.48	76.33	191.83
Total	250.95	388.99	340.22	253.63	101.90	215.31

Principal Terms of Sanctioned Loans and Assets Charged as Security

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Outstanding as on Dec. 31, 2005	Details of Security
1	Working capital State Bank Bikaner & Jaipur Industrial Estate, Bhiwadi (Raj) Fund Based Rs.250 Lac Non Fund Based Rs 100 Lac Sanction letter no. Nil dated 18/05/2005	10.75% p.a.	77.32 Lac	Primary: 1 st charge on block assets if the company by way of hypothecation of machinery and equipment & other fixed assets. Collateral: a) Equitable mortgage of industrial plot at A -1112 RIICO Ind Area, Phase III Bhiwadi. b) Equitable mortgage two flats situated at B-202 & B-203 ashiana green Bhiwadi. c) 1 st charge on immovable assets including equitable mortgage of land and building at plot no A -1114, RIICO Ind Area, Bhiwadi d) Personal guarantee of the Directors.
2	Term Loans State Bank Bikaner & Jaipur Industrial Estate, Bhiwadi (Raj) Rs. 210.61 Lac vide Sanction thr. Letter no. Nil dt. 18.05.2005, of which Quarterly installment beginning from August 05.	9.50% p.a.	164.86 Lac	Primary: 1 st charge on block assets if the company by way of hypothecation of machinery and equipment & other fixed assets. Collateral: a) Equitable mortgage of industrial plot at A -1112 RIICO Ind Area, Phase III Bhiwadi. b) Equitable mortgage two flats situated at B-202 & B-203 ashiana green Bhiwadi. c) 1 st charge on immovable assets including equitable mortgage of land and building at plot no A -1114, RIICO Ind Area, Bhiwadi d) Personal guarantee of the Director.
3.	Cars Loans	various	8.77 Lac	Car loans secured against hypothecation of the respective cars

Annexure – XV

Related Party Transactions as at 31st December, 2005

(I) List of Related Parties

Name of the Related Party	
Key Managerial Personnel	Relationship
Sh.Satish Kumar Agarwal ,	Managing Director
Sh.Pradeep Kumar Agarwal	Whole Time Director
Sh.Sunil Kumar Agarwal,	Whole Time Director
Sh. Saurabh Agarwal,	Whole Time Director

Subsidiary Company

NONE

Companies in which Directors are interested

M/s Raghuvveer Metal Industries Ltd.: Shri Pardeep Kumar Agarwal Director of this company is promoter of the Kamdhenu Ispat Ltd.

M/s Kamdhenu Overseas (P) Ltd.: Shri Satish Kumar Agarwal Director of this company is promoter of the Kamdhenu Ispat Ltd.

Shri Saurabh Agarwal , Director of this company is whole time director of Kamdhenu Ispat Ltd

M/s. Kamdhenu Industries Ltd. Shri Pardeep Kumar Agarwal Director of this company is promoter of the Kamdhenu Ispat Ltd.

M/s. Kali Metals (P) Ltd. Shri Pardeep Kumar Agarwal Director of this company is promoter of the Kamdhenu Ispat Ltd.

Relative of Key Managerial Personnel Shri Sachin Agarwal ,Son of Sh.Satish Kumar Agarwal, Managing Director of the company

Smt Geeta Agarwal, wife of Sh. Pardeep Kumar Agarwal, Whole Time Director of the Company

(Rs. in lacs)

Name of related party	Nature of Transaction	For the period/year ended					
		December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
KMP Directors	Remuneration	16.05	17.68	12.06	12.00	10.65	9.60
KMP other than Directors	Remuneration	5.78	6.39	2.38	2.10	1.80	1.80
M/s Raghuvveer metal Industries Ltd.	Purchase of R/M	15.58	511.60	240.08	NA	NA	NA
M/s Raghuvveer metal Industries Ltd.	Sales of goods	-	-	8.11	-	-	-
M/s Kamdhenu Overseas (p) Ltd.	Sales of goods	31.85	-	-	-	-	-
Smt Geeta Agarwal	Rent	0.72	-	-	-	-	-
Closing Balance (a) M/s Raghuvveer metal Industries Ltd.		(6.10)	(0.20)	(26.29)	-	-	-
(b) M/s Kamdhenu Overseas (p) Ltd.		(1.67)	-	-	-	-	-

Annexure – XVI**Investments** : Long-term investments

(Rs. in lacs)

FOR THE YEAR/PERIOD ENDED

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
-Trade (Quoted)	-	-	-	-	9.93	9.93
-Trade (Unquoted)	144.10	0.10	2.00	2.00	2.00	2.00
-In subsidiary company (unquoted)	-	-	-	-	-	-
Total	144.10	0.10	2.00	2.00	11.93	11.93
Quoted investments in						
Ashiana Ispat Limited Book Value	N.A.	N.A.	N.A.	N.A.	9.93	9.93
Book Value						
Market value	N.A.	N.A.	N.A.	N.A.	Not Published	Not Published

Annexure – XVII

The Company had incurred expenditure on the Proposed Scheme for which public issue has been intended for upto 16.01.2006.

Deployment of Funds	Rs in Lacs
Public Issue Expenses	30.74
Advance against Public Issue Expenses	1.72
Working Capital(including advance to suppliers/franchisees)	623.51
Balance with SBBJ Bank ,Gurgaon in IPO a/c	41.54
Total	697.51
Sources of Funds	
Internal Accruals	7.12
Sundry creditors against issue expenses	1.64
Promoter contribution in IPO	688.75
Total	697.51

Annexure – XVIII

There have been no qualifications in the Audit report for the preceding five years.

Annexure - XIX**Changes in the Significant Accounting Policies**

The company has changed the accounting policy of charging the depreciation on fixed assets during the year ended on March 2004. The company has changed the method of deprecation from written down value method to straight line method on fixed assets. However Financial Assets have been restated on the straight line method for respective years.

FINANCIAL STATEMENTS OF GROUP COMPANIES

1. S.R. Ferro Alloys (Partnership)

The partnership under the name and style of M/s S.R. Ferro Alloys came into existence vide Deed of Partnership dated January 26, 2005, entered into by Smt. Sujata Rout, Sri Sukanta Charan Rout and M/s Kamdhenu Ispat Limited who have agreed to be partners.

The business of the Partnership is of mining of Iron Maganese Ore which is to be carried out at Rourkela, Orrisa. The Partnership may also undertake other business activities later on as may be mutually decided by the partners.

The important terms and conditions of the Partnership Deed are:

1. It is a Partnership at will.
2. The Capital of the Partnership is Rs. 21,00,000/- which is contributed by the partners in the following manner:

Name of the Partner	Capital Contribution
Smt Sujata Rout	Rs. 40,000/-
Sri Sukanta Charan Rout	Rs. 60,000/-
M/s Kamdhenu Ispat Limited	Rs. 20,00,000/-

3. The profits and losses of the business are shared by the partners in the following ratio:

Name of the Partner	Profit Sharing Ratio
Smt Sujata Rout	30%
Sri Sukanta Charan Rout	30%
M/s Kamdhenu Ispat Limited	40%

4. After the grant of the first mining lease, the firm will open a separate bank account for the operation of business of the said mining business for which M/s Kamdhenu Ispat Limited, represented by its signatories will operate the said account.
5. On grant of the mining lease, the same will be the property of the firm as constituted by the deed of partnership despite the fact that an application was made by earlier constituted firm constituting of two partners namely Smt Sujata Rout and Sri Sukanta Charan Rout.
6. The mining lease , if granted shall solely and exclusively belong to M/s Kamdhenu Ispat Limited on the dissolution/ retirement of an of the partners from the firm and the initial capital of the sum of Rs. 21,00,000/- shall be divided equally amongst the remaining partners on the retirement of an of the partners
7. Soon after the grant of first mining lease in favour of the firm, the deed of partnership will be reconstituted taking into consideration the terms and conditions of the mining lease.

Further S.R. Ferro Alloys has entered into an agreement with the company as given below:

Important terms of the Agreement dated January 26, 2005 between M/s S.R. Ferro Alloys (the miner) and M/s Kamdhenu Ispat Limited (the consumer).

1. The miner will supply the entire materials raised from Ores/ Minerals in respect of which lease will be granted, to the consumer for the purpose of using, applying use thereof at the integrated steel plant being established by the consumer in state of Orrisa. At such price as mutually agreed to by the parties. If any delay occurs in operation or working of the said plant, consumer will be entitled to use said materials for its other plants.
2. The consumer will have no liberty to procure Iron and Manganese Ore from an third party unless the miner fails to meet the total requirement of the integrated steel plant of the consumer.
3. The agreement will remin in force for a minimum tenure of the lease to be granted in favour of the miner. After that, the miner and the consumer will have libert to continue with this agreement or terminate it on mutual consent.

2. Kamdhenu Industries Limited

The Company was incorporated on May 20, 1998, as a public limited Company vide Certificate of Incorporation No. 55-93948 of 1998-99. The Certificate of Commencement of Business was issued on August 20, 1998. The principal activity of the Company is to carry on the business of canners, preservers, gravers, dealers in all kinds of spice powder/paste, fruits, vegetables, flowers, drinks fluids and other fresh and preservable food products, cereals, flour, rice, oil seed etc as also to promote run, establish, set up mini steel plant, hot rolling steel mills and to deal in all kinds of steel products including stainless steel, alloy steel, forged steel and other type of steel.

List of shareholders of Kamdhenu Industries Limited as on 31.12.2005

Name Of Shareholder	Address Of Shareholder	No. of Share Alloted
Pradeep kumar agarwal	5/2, Punjabi Bagh Extn., New Delhi-110 026.(business)	259239
Geeta Agarwal	5/2, Punjabi Bagh Extn., New Delhi-110 026.(business)	13500
Achint Agarwal	5/2, Punjabi Bagh Extn., New Delhi-110s 026.(Student)	3500
Kartik agarwal	5/2, Punjabi Bagh Extn., New Delhi-110 026. (student)	2500
Kriti capital services ltd.	2459/10, Beadon Pura, Karol Bagh, New Delhi-5	40000
Kamdhenu Impttrade Pvt. Ltd.	97/5, Tukmeer Pur Extn. Delhi.	12000
Om Prakash gupta	13 Paschim Vihar, Extention, New Delhi	110000
Raju Sharma	A – 18, Jahangir Puri, N.Delhi-110033	1000
Ajay Shrivastav	RZ-2048/27, Tuglakabad Extn. New delhi	1000
B.S. Negi	K-103, Kalkaji New Delhi	1500
Bashist tiwari	B-159, Okhla Ph-1, New Delhi	1200
Manwendra	247, Munirka , New Delhi	1200
Yogendra jain	412A/1, Ganesh Nagar Extn-ii, Shakar Pur , N.delhi	1000
Avinash Gupta	789, Mukharjee Nagar, New Delhi	1000
M.V. marketing p.ltd.	A-32, Tagore Garden Extn., N.Delhi	50000
Pradeep Kumar Agarwal & Sons (HUF)	5/2, Punjabi Bagh Extn. , New Delhi-110 026.(business)	113000
Manoj gupta	361, Munirka Village, N.Delhi-67	1000
Saket puri	536, Pamposh Enclave, G.K.-1. N. Delhi –48	1500
Rakesh Sharma	40A, Nangloi Extn. N.Delhi-41	1197
Shrawan kumar	92B, Mangol puri, N.Delhi-83	1000
Shree kumar	202, delhiblue apt, Safdarjung Enclave	1000
Sushil aggarwal	13 Paschim Vihar, Extention, New Delhi	30000
Col. Satish kumar kabu	6, Jaina Apt. sec-13, Rohini , Delhi-85	50100
A.K.Fabrics Pvt. Ltd.	9/1969, Gali No. 3, Kailash Nagar, New Delhi-	40000
BP Entertainment Pvt. Ltd.	9/1969, Gali No. 3, Kailash Nagar, New Delhi-	45000
Bhawani engineering Pvt. Ltd.	B-979, Shastri Nagar, New Delhi-	40000
Zest Securities Pvt. Ltd.	N-11, Green Park Extn., New Delhi-110 016.	25000
India Dotcom technologies Pvt. Ltd.	9780/3, Block No. 10, Dev Nagar, Karol Bagh, New Delhi	50000
Toshna Investments Pvt. Ltd.	9/1969, Gali No. 3, Kailash Nagar, New Delhi-	25000
Venus Manufacturing Pvt. Ltd.	9/1969, Gali No. 3, Kailash Nagar, New Delhi-	25000
CMS Holding (P) Ltd.	Plot no. 5, Patperganj, New Delhi	20,000
Choti Leasing & Finance (P) Ltd.	D-11, Nanda Devi Tower , IInd Floor , Central Market, Prashant Vihar, New Delhi	20,000
AT All Times Yours Securities (P) Ltd.	104-A, Mukand House, Commercial Complex Azadpur Delhi	20,000
Ravnet Soluation (P) Limited	DA-4, Vikas Marg , Shakarpur Delhi	20,000
KMC Portfolio (P) Ltd	RZH-266, Raj Nagar, Part-2, Palam New Delhi	20,000
GVS Laboratories (P) Ltd.	204-A, Mukand House, Commercial Complex Azadpur Delhi	20,000
Umrao Finance & Leasing (P) Ltd.	509, Usha Kiran, Commercial Complex , Azadpur Delhi	20,000
Usual Leasing & Finance (P) Ltd	207-A, Mukand House, Commercial Complex Azadpur Delhi	20,000

Name Of Shareholder	Address Of Shareholder	No. of Share Alloted
Dhan Raj Bharat Raj Properties (P) Ltd.	13, Bonefield 6 th Floor , Calcutta	20,00
CEE AAR Décor (P) Ltd.	1510/11, Shiv Ashram, S.P. Mukharji Marg, Delhi	12,000
Lancer Engineering (P) Ltd.	509, Usha Kiran, Commercial Complex , Azadpur Delhi	8,000
India Dotcom Technologies (P) Ltd.	6780/3, Block No. 10, Dev Nagar Karol Bagh New Delhi	40,000
Navodaya Marketing (P) Ltd.	16/3, Old Rajinder Nagar New Delhi	40,000
Mukhosys (P) Ltd.	15/76, Old Rajinder Nagar New Delhi	20,000

The Board of Directors of the Company (As on 31.12.2005) comprises of Mr. Pradeep Kumar Agarwal, Smt. Geeta Agarwal and Mr. Achin Agarwal.

Financial Results

Rs. In Lacs

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	435.73	525.94	520.91
Profit after taxation	0.68	2.06	0.77
Equity Share Capital	66.74	41.74	33.74
Reserves (excluding Revaluation Reserves)	39.93	14.32	4.82
Net Worth	106.56	55.93	38.39
NAV per Share(Rs.)	15.97	13.41	11.39
EPS per Share (Rs)	0.10	0.49	0.22

3. Raghuvveer Metal Industries Limited

The Company was incorporated on January 24, 1997 as a public limited Company vide Certificate of Incorporation No. 17-013175 of 1996-97. The Certificate of Commencement of Business was issued on February 06, 1997. The principal activity of the Company is to carry on the business of manufacturers, processors, imports, exports of and dealers in all kinds of ferrous and non-ferrous material.

List of Members as on 31.12.2005

Name of the shareholder	No. of Shares	% Holding
Mrs. Geeta Agarwal	100530	5.02
Mr. Pradeep Kumar Agarwal	100000	5.00
Core International Ltd.	70000	3.50
V.D.M. Consultancy & Marketing Pvt. Ltd.	70000	3.50
Tyagi Trading Pvt.Ltd.	45000	2.25
Nav Durga Leasing & Fin pvt. Ltd.	45000	2.25
Navodaya Industries Ltd	100000	5.00
NSC Finvest & Leasing Pvt Ltd	62500	3.13
Maloo Finance & Builders Pvt. Ltd.	37500	1.88
Maloo Construction Pvt. Ltd.	37500	1.88
Kuldeep Hardware Pvt. Ltd.	50000	2.50
India Dotcom Technologies Pvt. Ltd.	50000	2.50
Alok Pokharna	90000	4.50
Anil Kumar Pokharna	90000	4.50
Sarita Pokharna	76000	3.80
Others	975810	48.78
	1999840	100

The Board of Directors of the Company (as on 31.12.2005) comprises of, Mr. Pradeep Kumar Agarwal, Smt. Geeta Agarwal, Mr. Abhay Agarwal, Mr. Raj Kumar Pokharna, Mr. Anil Pokharna, Mr. Sunil Pokharna.

Financial Results

Rs. In Lacs

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	5513.15	1835.36	1491.23
Profit after taxation	36.05	27.92	45.99
Equity Share Capital	189.04	114.01	94.01
Reserves (excluding Revaluation Reserves)	191.15	80.11	0.00
Net Worth	379.21	192.80	91.76
NAV per Share(Rs.)	20.05	16.91	9.76
EPS per Share (Rs)	1.91	2.45	4.89

4. Kali Metals Private Limited

The Company was originally incorporated on February 14, 1997 as a private limited Company vide Certificate of Incorporation No 55-85127 and was named Lakshay Farms and Orchards Private Limited. Consequently the name of the Company was changed to Kali Papers Private Limited vide fresh certificate of incorporation issued on January 16, 2004. The name of the Company was further changed to Kali Metals Private Limited vide fresh certificate of incorporation issued on September 9, 2004.

The principal activity of the Company is to set up steel furnace and continuous casting and rolling mill plant or producing steel and alloy , steel billets, Ingots and all kinds and size of the re rolled sections.

Shareholding as on 31.12.2005

S. No.	Name	Shares	%Holding
1	Rohit Garg	110100	2.37
2	Rahul Mittal	44100	0.95
3	Priyanka Garg	60900	1.31
4	Tarsem Singh	490000	10.56
5	Rohit Garg (HUF)	25000	0.54
6	P.K.Mittal	10500	0.23
7	Sanchit Agarwal	39400	0.85
8	M/sHarish Paper Industries(p) ltd	300000	6.47
9	M/s Kamdhenu Ispat ltd	1000000	21.55
10	Akik Education centre (p) ltd	50000	1.08
11	At All Times Yours Securities (p) Ltd.	70000	1.51
12	Parsandi Leasing Finance (p) ltd	150000	3.23
13	Aanchal Buildcon (p) ltd	150000	3.23
14	IKA Processors & Distributors (p) Ltd.	260000	5.60
15	Rocky Syntax (p) ltd	100000	2.16
16	CEE AAR Decors (p)Ltd	75000	1.62
17	Amar Shree Industries Ltd	50000	1.08
18	ANG Finance (P) Ltd.	60000	1.29
19	Hajima Resorts Ltd.	100000	2.16
20	GVS Laboratories(P) Ltd	190000	4.09
21	Lustre Finlease & Inv. (P) Ltd.	200000	4.31
22	Renu Scales(P) Ltd	100000	2.16
23	Dume Footwears(P) Ltd	190000	4.09
24	Instant Travels & tours (P) ltd	75000	1.62
25	Arts Elastics (P) Ltd.	120000	2.59

S. No.	Name	Shares	%Holding
26	Aanchal Info System (P) Ltd.	50000	1.08
27	Archit Fincap Ltd.	80000	1.72
28	ASG Finlease & holding (P) Ltd.	75000	1.62
29	Navodaya Marketing (P) Ltd.	50000	1.08
30	ARJ Construction co. (P) Ltd.	120000	2.59
31	Navodaya Ind. (P) Ltd	50000	1.08
32	Navodaya Castle (P) Ltd.	140000	3.02
33	Songiri Finlease (P) Ltd.	50000	1.08
34	Shashi Jain	5000	0.11
Grand Total		4640000	100.00

The Board of Directors of the Company (as on 31.12.2005) comprises of Mr. Pradeep Agarwal, Mr. Rohit Garg and Mr Tersem Singh.

Financial Results

Rs. In Lacs

Particulars	2005	2004	2003
Total Income	0.17	1.28	1.26
Profit after taxation	(0.005)	(0.07)	0.02
Equity Share Capital	1.00	1.00	1.00
Reserves (excluding Revaluation Reserves)	0.14	0.22	0.30
Net Worth	(0.81)	1.15	0.61
NAV per Share(Rs.)	(8.13)	11.50	6.10
EPS per Share (Rs)	(0.05)	(1.42)	

Figures in () represent negative figures

5. Kamdhenu Overseas Pvt. Ltd.

The Company was incorporated on December 05, 2002, as a private limited Company vide Certificate of Incorporation No. U51909DL2002PTC117931 of 2002-2003. The principal activity of the Company is to carry on the business as buyers, sellers, exporters, importers, distributors, brokers, factors, stockist, commission agent and dealers, of the leather and leather made ups, fabric and fabrics made ups, readymade garments, handicrafts, granites, marbles, slabs and stones of all kinds, food products, engineering goods, machine tools, small tools, ferrous & non-ferrous metals, ferrous & non-ferrous alloys, automobile parts, and steel, stainless steel, M. S. Bars and other iron products.

List of Shareholders as on 31.12.2005

Name of the shareholder	No. of Shares	% Holding
Sh. Satish Kumar Agarwal	15000	4.50
Smt. Radha Agarwal	10000	3.00
M/s Satish Kumar Agarwal (HUF)	52500	15.74
Sh. Saurabh Agarwal	92500	27.74
Sh. Sachin Agarwal	90000	26.99
Sh. Arjun Agarwal	2000	0.60
M/s Manoj Jain & sons	2500	0.75
M/s Salik Chand Jain & Sons(HUF)	2500	0.75
Sh. Sudhir Jain	1500	0.45
Smt. Kusum lata Shrawat	2500	0.75
Smt. Sadhna Singhal	2500	0.75
Smt. Suman Jain	2500	0.75
Smt. Sunita Jain	2500	0.75
Gaurav holdig (p) Ltd.	5000	1.50
Jay baba Traders (P) Ltd.	5000	1.50

Name of the shareholder	No. of Shares	% Holding
Ommi Associates (P0 Ltd.	9000	2.70
Shilpa Holding Ltd.	10000	3.00
Shreevar overseas Ltd	8000	2.40
SI Housiery (P0 LTd.	5000	1.50
Sonal Tie _ up (P0 ltd.	8000	2.40
Victor credit & construction Ltd.	5000	1.50
	333500	100

The Board of Directors of the Company (As on 31.12.2005) comprises of Mr. Satish Kumar Agarwal, Mr. Saurabh Agarwal and Mr. Sachin Agarwal.

Financial Results

Rs. In Lacs

Particulars	For the Financial Year ended March 31 st		
	2005	2004	2003
Total Income	1.28	13.68	0.03
Profit after taxation	(0.31)	0.42	(0.20)
Equity Share Capital	33.35	27.85	1.00
Reserves (excluding Revaluation Reserves)	66.06	39.37	0.00
Net Worth	125.19	68.32	0.49
NAV per Share(Rs.)	37.60	24.53	4.86
EPS per Share (Rs)	(0.09)	(0.15)	(2.04)

Figures in () represent negative figures

6. Kamdhenu Cement Industries Limited

The Company was incorporated on September 30, 2005 vide Certificate of Incorporation No. U26959UP2005PLC030701. The principal business activity of the Company is to establish and carry on the business of import, export, purchase, sell, manufacture, finish, pack, repack mix, grade operate and to act as brokers, agents, consultants, merchants, stockiest, distributors, suppliers, providers, collaborators, consignors, etc. or otherwise to deal in all varieties of cements whether ordinary, white, coloured pozzolana, alurnina blast furnace, silica, lime, plaster of paris etc.

List of Shareholders as on 31.12.2005

Name of the shareholder	No. of Shares	% Holding
Satish Kumar Agarwal	7000	14
Sunil Kumar Agarwal	6000	12
Pradeep Kumar Agarwal	6000	12
Radha Agarwal	7000	14
Geeta Agarwal	6000	12
Saurabh Agarwal	6000	12
Sachin Agarwal	6000	12
Sarita Agarwal	6000	12
Total	50000	100

The Board of Directors of the Company as on 31.12.2005 were Shri Satish Kumar Agarwal, Shri Sunil Kumar Agarwal, Shri Pradeep Kumar Agarwal and Shri Saurabh Agarwal.

Financial Result

The Financial information of the Company is not available as the Company has not commenced its business as yet.

7. Kamdhenu Concast Limited

The Company was incorporated on February 21, 2006 vide Certificate of Incorporation No. U27106DL2006PLC146601. The principal business activity of the Company is to establish and carry on the business of iron and steel founders, fabricators, steel melters, steel makers, steel shapers and manufacturers, mechanical engineers and contractors, tol makers, brass founders, metal workers, manufacturers of steel, metal and melleable, grey-casting etc.

List of Shareholders as on the date of Incorporation

Name of the shareholder	No. of Shares	% Holding
Satish Kumar Agarwal	7000	14
Sunil Kumar Agarwal	6000	12
Pradeep Kumar Agarwal	6000	12
Radha Agarwal	7000	14
Geeta Agarwal	6000	12
Saurabh Agarwal	6000	12
Sachin Agarwal	6000	12
Sarita Agarwal	6000	12
Total	50000	100

The Board of Directors of the Company as on the date of the incorporation of the Company were Shri Satish Kumar Agarwal, Shri Sunil Kumar Agarwal, Shri Pradeep Kumar Agarwal and Shri Sachin Agarwal.

Financial Result

The Financial information of the Company is not available as the Company has not commenced its business as yet.

Disassociated Concerns

Bhagirathi Iron and Steel Private Limited

The Company was incorporated on July 13, 1972 vide Registration No. 20-3573. The Company had an Authorised Capital of Rs. 15,00,000.

Shri Pradeep Kumar Agarwal, Shri Satish Kumar Agarwal, and Shri Sunil Kumar Agarwal were holding shares in the Company as on 30.09.1998 as per details mentioned hereunder:

S.No.	Name of the shareholder	No. of Shares held
1.	Shri Pradeep Kumar Agarwal	650
2.	Shri Satish Kumar Agarwal	250
3.	Shri Sunil Kumar Agarwal	500

Shri Pradeep Kumar Agarwal, Shri Satish Kumar Agarwal, and Shri Sunil Kumar Agarwal were also holding directorship in the said Company. They resigned from the directorship of the Company as per details given below:

S.No.	Name of the Director	Date of resignation
1.	Shri Pradeep Kumar Agarwal	23.07.2001
2.	Shri Satish Kumar Agarwal	06.10.1994
3.	Shri Sunil Kumar Agarwal	30.11.1995

As on date all the three have ceased to be directors of the Company. The Company has ceased to operate as of now and the Directors of our Company are no longer associated with it.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements for the fiscal years ended March 31, 2001, 2002, 2003 and 2004, and 2005 and for the nine month period ended 31st December, 2005 including the significant accounting policies and notes thereto and reports thereon which appear elsewhere in this Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Guidelines.

Unless indicated otherwise, the financial data in this section is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Prospectus. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly under "Risk Factors" beginning on page viii of this Prospectus.

OVERVIEW

Kamdhenu is a manufacturer of High Strength Deformed (HSD) Bars / Cold Twisted Deformed (CTD) bars and Thermo Mechanically Treated (TMT) bars used for reinforcement of concrete buildings/structures. Company's plant is located at Bhiwadi in NCR at a distance of about 70 Km from New Delhi and is having installed capacity 48000 MT of per annum. KIL's products are well established throughout north India and its products are sold under brand name of "Kamdhenu Saria"/"Kamdhenu Cement"/"Kamdhenu POP"/"Kamdhenu SS Pipe". Brand "Kamdhenu Saria" is a well-known brand in construction steel in the India and is owned by KIL.

KIL's products under the brand name of *Kamdhenu* have over the years created a niche market in the northern region of India and demand for its products has been growing at rapid pace due to its focus on producing quality products, thereby satisfying the customers' need. Company's brand "*Kamdhenu*" is the major leading brand among the various other Brands available in the country for Steel Bars.

In the recent past, the company has taken rapid strides particularly in terms of growth, a fact well reflected in the audited accounts of the company. The company's sales figure which stood at Rs. 53.15 crore for the financial year 2002-03 has shown a quantum and sharp jump to Rs. 126.29 crore for the financial year 2004-05 i.e an increase of 138% in two years. In the coming years, this growth phase of the company is likely to amplify further and the company will further consolidate its already established position in the industry in the coming years given the buoyant demand for steel both in the international and domestic markets.

To consolidate its position further in the Indian market and to take advantage of the booming construction sector in the country, Kamdhenu has taken a conscious decision to develop and enlarge its business operations by adopting Franchise route. Kamdhenu plans to establish its Stock Yard/Marketing offices at various strategic locations and materials required for these yards will be sourced from its Franchisees, who are existing manufacturers of Steel TMT/CTD Bars. The said Franchise units would be manufacturing the products under Kamdhenu's strict quality control and would be manufacturing under brand name of *Kamdhenu*. Towards this end, the company has already entered into franchise agreement with existing manufacturers located at diverse locations across the country.

MATERIAL DEVELOPMENTS SINCE THE LAST AUDITED BALANCE SHEET DATE

The company has since entered into franchise agreement with following existing manufacturers located at different places to lift material from them for the purpose of stocking the same at Stock yards:

Sl.No.	Name of the Franchise Unit	Location	State	Qty. (MT) to be lifted p.m
1	Aar Kay Industries	Mandi, Gobindgarh,	Punjab	2000
2	Nalagarh Steel Rolling Mills P Ltd	Nalagarh	H.P	2500
3	Kali Metals Pvt Ltd	Hosour	Tamil Nadu	3500
4	Jhelum Industries	Jammu	J & K	1000
5.	Radhey Radhey Ispat (P) Ltd.	Kanpur	UP	1000
6.	Raghuveer Metal Industries Ltd.	Ajmer	Rajasthan	2000

The company has since the last Balance Sheet date entered into memorandum of understanding(s)/agreement(s) with the different parties at the locations specified for establishing its stockyards there at:

Sl.No.	Location	Proposed Areas To Be Covered
1.	Mandi, Gobindgarh	Punjab
2.	Ajmer	Rajasthan
3.	Hosour	Tamil Nadu
4.	Delhi	N C R
5.	Gurgaon	Haryana
6.	Kanpur	Eastern UP

In the opinion of our Board of Directors, other than as disclosed in this Prospectus, there have not arisen any circumstances since December 31st,2005 which materially and adversely affect, or are likely to materially and adversely affect, our manufacturing or sales or the profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next 12 months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors including the following:

General economic and business conditions: The demand for our products is dependent on general economic conditions in India and may affect if there are changes in business conditions in our country.

Demand: The demand for our products viz. Steel, Cement, SS Pipes and POP is a derived demand, meaning that it is dependent upon the state and condition of the infrastructure, construction and housing industry. We have a very well diversified customer base which obviates dependence on any major Customer. We have further sought to expand our customer base. The prospects and earnings growth of the customers we serve will have an impact on our ability to generate sales.

Competition: Selling prices of our products may be affected if competition intensifies, including as a result of increased capacity of Competitors or our competitors adopt aggressive pricing strategies in order to gain market share or new competitors enter the markets we serve.

Capacity: Currently, we have the capacity to manufacture 48000 MT of TMT/CTD bars at our Bhiwadi plant in Rajasthan. We are currently effecting a strategic shift in our marketing policy. To encash on the brand value which we enjoy in the market, instead of going in for an expansion programme or setting up a new unit, we intend to purchase TMT/CTD bars from our current franchisees as detailed above and subsequently effect sale under our own umbrella thereby contributing to our own bottomline in the process.

Raw Material Prices: Raw materials i.e Steel Ingots, Sponge Iron and M.S. Scrap constitute a major portion of our total expenses. Fluctuations in the cost of these raw materials may alter our cost structure and affect profitability. Historically, we have been able to pass on increases in raw material costs to our customers but we cannot assure you that in future also we will be able to do so.

Other Factors: Our results of operations are dependent upon our success in managing our inventories. We have to schedule out production process and procurements according to delivery schedule of customers. Any change in schedule may affect our operation in short run.

SIGNIFICANT ACCOUNTING POLICIES

Our significant Accounting Policies are as under :

FIXED ASSETS :

Fixed Assets are stated at cost .Cost includes installations and expenditure incurred during construction period wherever applicable.

CENVAT (Central Value Added Tax)

Cenvat claimed on Plant & Machinery is reduced from the cost of Plant& Machinery. Cenvat claimed on purchases of raw materials and other materials is reduced from the cost of such materials.

DEPRECIATION

Depreciation on fixed assets has been provided on straight-line method at the rate prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata & actual shift working basis. The amount of depreciation on Fixed Assets of Orrisa Project has been charged to pre-operative expenses.

VALUATION OF INVENTORIES

1. Raw Material, stores & Spares, Packing Material, Fuel, Stock in process are valued at cost
2. Finished goods are valued at cost or realizable value whichever is less.
3. Waste & scrap and Runner & Riser are valued at realizable value.

SALES

Sales are stated net of sales returns.

INVESTMENTS

Investments are valued at cost. Profit & Loss is being accounted for on actual realization.

PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provision of income tax Act, 1961. Deferred tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the date of balance sheet. The deferred tax liability is recognized and carried forward only to the extent that there is a reasonable certainty that the same will be realized in future.

MISC. EXPENDITURE

1. Preliminary expenses incurred up to 31.03.1998 are being written off over a period of 10 years.
2. Expenses for increasing of authorized share capital incurred after 31.03.1998 are being written off over a period of 5 years.
3. Pre operative expenses incurred during the year for the new project at Orrisa will be written off/allocated to fixed assets after commencement of commercial production.

Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year (adjusted for the effects of dilutive options).

RESULTS OF OPERATIONS

Sale

The increasing demand for construction materials particularly steel and other construction related materials viz. cement/SS Pipes and PoP in the domestic market has been the key reason for our increased sales in recent years. The company has taken rapid strides, in the recent past, particularly in terms of growth, a fact prominently reflected in the audited accounts of the company. The company's sales figure which stood at Rs. 53.15 crore for the financial year 2002-03 has shown a quantum and sharp jump to Rs. 126.29 crore for the financial year 2004-05 i.e. an increase of 138% in two years. In the coming years, this growth phase of the company is likely to amplify further and the company will further consolidate its already established position in the industry in the coming years given the buoyant demand for steel both in the international and domestic markets.

Expenses

Our expenses mainly consist of the cost of raw material consumed, cost of goods traded in, manufacturing expenses, excise duty, personnel expenses, administrative and other expenses, selling and distribution expenses, financial expenses and depreciation.

The following table shows our various expenses for fiscal years 2001 through 2005 and shows those expenses as a percentage of *total expenses*:

Expenditure	FY 2005		FY 2004		FY 2003		FY 2002		FY 2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Material										
Consumed	6680.85	53.53	4935.33	61.31	3791.61	67.33	3253.71	67.10	2836.35	68.37
Cost of goods										
traded in	2802.53	22.46	1225.34	15.22	153.82	2.73	165.53	3.41	-	-
Manufacturing										
Expenses	1559.54	12.50	655.00	8.14	610.56	10.84	515.98	10.64	501.34	12.08
Excise Duty	956.97	7.67	831.37	10.33	768.90	13.65	689.18	14.21	601.24	14.49
Personnel										
Expenses	96.24	0.77	46.48	0.58	49.73	0.88	47.64	0.98	42.95	1.04
Administrative &										
Other Expenses	65.59	0.53	56.91	0.71	36.68	0.65	38.91	0.80	38.06	0.92
Selling & Distt.										
Expenses	187.53	1.50	209.74	2.61	145.32	2.58	65.02	1.34	61.92	1.19
Financial Expenses	59.32	0.48	34.27	0.43	23.88	0.42	24.36	0.50	28.74	0.69
Depreciation	69.95	0.59	55.70	0.69	51.27	0.91	48.73	1.00	38.02	0.92
Total	12478.52	100	8050.14	100	5631.77	100	4849.06	100	4148.62	100

Our margins have increased from 0.64% in fiscal 2001 to approximately 2.06% for the fiscal 2005. Although increased raw material costs put downward pressure on our margins, the cumulative effect of increased sales coupled with various cost reduction, cost control measures and improved techniques of production adopted by our company has more than offset the effects of the increased raw material costs and resulted in an increase in our profit margins.

Raw Material Consumed

Raw materials consumption as a percentage of total expenses have come down significantly from 68.37 % in fiscal 2001 to 53.53% in fiscal 2005 i.e by about 15% mainly on account of trading activity undertaken by the company from the year 2002 and also on account of increase in other expenses as a result of increased business activities of the company. The consolidation and further strengthening of our marketing brand image in the past coupled with our increased production, resulting from increased activity and our marketing strategy, has strengthened our negotiating position with our suppliers and has enabled us to get higher quantity discounts and other favorable terms. Wastage in production has also decreased due to increased automation and adoption of new technologies and techniques of production has lead to the decreased raw material costs.

Cost Of Goods Traded In

The company started its trading activities in 2002, which has increased overtime. Cost Of Goods Traded In which accounted for 3.41 % of the total expenditure in 2002 have gone up to 22.46% of the total expenditure in 2005.

Manufacturing Expenses

Manufacturing expenses consist of power and fuel, consumption of stores and spares and repairs and maintenance of plant and machinery. The principal manufacturing expense is power and fuel charge, which accounts for a lions share of the total manufacturing expenses. It constitutes 87% of the total manufacturing expenses for the fiscal ended 2005.. Other manufacturing expenses include consumption of stores and spares and repairs to plant and machinery which account for 9.23% and 2.48% of the total manufacturing expenses respectively in 2005.

Manufacturing expenses as a percentage of total expenses have more or less remained constant at 10 -12% of the total expenses. They have not shown any significant increase due to cost control various measures adopted by the company

Excise Duty

Excise duty which constituted 14.49% of the total expenses in 2001 fiscal has come down to 7.67% of the total expenses in 2005 due to the fact that in 2001 fiscal excise duty was 16% whereas in 2005 upto 7th July 2005 the rate

of excise duty was 8% thereafter upto February 2005 the rate of excise duty was 12% and surcharge there on & from 1st March 2005 the rate of excise duty was 16% and surcharge thereon.

Personnel Expenses

Personnel expenses consist of salaries, wages, overtime and bonus, contribution to employee benefit schemes, employee welfare charges and staff recruitment and training. Personnel expenses have come down from 1.04% of the total expenditure in 2001 fiscal to 0.77% in fiscal 2005. Increased automation and improved production techniques have led to economies of scale and, consequently, reduced our manpower requirements per ton of output.

Administrative and Other Expenses

With the increased scale of operations of the company, administrative and other expenses have gone up from 38.06 lacs in 2001 to 65.59 lacs in 2005 i.e increase of 73% over the stated period. However, in percentage terms, they have come down from 0.92% of the total expenditure in 2001 fiscal to constituted 0.53% of the total expenditure in 2005.

Due to fact that the company has its operations spread at diverse locations all across the country, administrative and other expenses consist majorly of "postage, telephone & telegram" and "rent ,rates, taxes and fees". Put together, they accounted for 68.49% and 58.46% of the total administrative expenses in 2001 and 2005 fiscal respectively. Individually, "postage, telephone & telegram" accounted for 49.17% and 40.46% of the total administrative expenses in 2001 and 2005 fiscal. Reduction in STD call rates has been the main reason for reduction of this expenditure. "Rent ,rates, taxes and fees" which accounted for 19.29% of the administrative expense in 2001 has more or less remained static at 18.00% in 2005 fiscal.

Selling and Distribution Expenses

Selling and distribution expenses consist largely of transportation costs, commissions paid to our stockists / dealers and advertising costs in electronic and print media. Transportation costs, commissions and advertising accounted for 21.32%, 11.66% and 64.53% respectively, of selling and distribution expenses in fiscal 2005. To further consolidate on the strong brand image which the company already enjoys, the company has increased its expenditure on advertising from 14.62 lacs in 2001 to 121.02 lacs in 2005. Total selling and distribution expenses have gone up from 61.92 lacs in 2001 to 187.53 lacs in 2005. In percentage terms, though, the selling and distribution expenses accounted for 1.50% of total expenditure in 2005 have increased only marginally since the beginning of fiscal 2001 from 1.19%.

Financial Expenses

Interest and finance charges represent expenses incurred in respect of our Term Loans and Working Capital Loans other charges incurred by us in respect of our banking arrangements. The financial expenses have come down from 0.69 % of the total expenditure in 2001 to 0.48 % in 2005 fiscal. The reduction in interest and finance charges is partly attributable to general reduction of interest rates in India (the ten-year yield on government debt securities declined from 10.36% on April 2, 2001 to 7.16% on May 17, 2005). We have used structured finance solutions that reduce our financing costs to the minimum.

Depreciation

Our company provides depreciation on its fixed assets on straight-line method at the rate prescribed under Schedule XIV of the companies Act, 1956 on pro-rata & actual shift working basis. Our depreciation expense when expressed as a percentage of expenses for fiscal 2005 is 0.59% .

Taxation

Provision for income tax accounted for 0.73% of net sales, in fiscal 2005. Provision for current tax is made after taking into consideration benefits admissible under the provision of income tax Act, 1961. Deferred tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the date of balance sheet. The deferred tax liability is recognized and carried forward only to the extent that there is a reasonable certainty that the same will be realized in future.

The following table shows our various expenses for fiscal years 2001 through 2005 and shows those expenses as a percentage of *total income*:

Particulars	FY 2005		FY 2004		FY 2003		FY 2002		FY 2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Material Consumed	6680.85	52.43	4935.33	59.95	3791.61	66.85	3253.71	66.70	2836.35	67.93
Cost of goods traded in	2802.53	22.00	1225.34	14.88	153.82	2.71	165.53	3.39	-	-
Manufacturing Expenses	1559.54	12.24	655.00	7.96	610.56	10.77	515.98	10.58	501.34	12.01
Excise Duty	956.57	7.52	831.37	10.10	768.90	13.56	680.18	14.13	601.24	14.40
Personnel Expenses	96.24	0.76	46.48	0.56	49.73	0.88	47.64	0.98	42.95	1.03
Administrative & Other Exp. Selling & Distt.	65.59	0.51	56.91	0.69	36.68	0.65	38.91	0.80	38.06	0.91
Expenses	187.53	1.47	209.74	2.55	145.32	2.56	65.02	1.33	61.92	1.48
Financial Expenses	59.32	0.47	34.27	0.42	23.88	0.42	24.36	0.50	28.74	0.69
Depreciation	69.95	0.55	55.7	0.68	51.27	0.90	48.73	1.00	38.02	0.91
Total Expenditure	12478.52	97.94	8050.14	97.78	5631.77	99.30	4849.06	99.40	4148.62	99.36
Total Income	12741.62	100	8232.62	100	5671.67	100	4878.15	100	4175.55	100

Raw Material Consumed

Raw materials consumption as a percentage of total income have come down from 67.93 % in fiscal 2001 to 52.43% in fiscal 2005 i.e by about 15% mainly on account of trading activity undertaken by the company from the year 2002 and also on account of increase in other expenses as a result of increased business activities of the company. The consolidation and further strengthening of our marketing brand image in the past coupled with our increased production, resulting from increased activity and our marketing strategy , has strengthened our negotiating position with our suppliers and has enabled us to get higher quantity discounts and other favorable terms. Wastage in production has also decreased due to increased automation and adoption of new technologies and techniques of production has lead to the decreased raw material costs.

Cost Of Goods Traded In

The company started its trading activities in 2002, which gained momentum in forthcoming years. Purchase cost of goods traded in which accounted for 3.39 % of the total income in 2002 have gone up to 22.00% of the total income in 2005.

Manufacturing Expenses

Manufacturing expenses consist of power and fuel, consumption of stores and spares and repairs and maintenance of plant and machinery. The principal manufacturing expense is power and fuel charge, which accounts for a lions share of the total manufacturing expenses. In fact, it constituted 87% of the total manufacturing expenses for 2005 fiscal.

Manufacturing expenses as a percentage of total income have more or less remained constant at 10 -12% of the total income. They have not shown any significant increase due to cost control various measures adopted by the company. In 2001, they were 12.01% of the total income whereas in 2005 they were 12.24% of the total income.

Excise Duty

Excise duty which constituted 14.40% of the total income in 2001 fiscal has come down to 7.52% of the total income in 2005 fiscal mainly duty to reduction on excise duties for the companies products from 7.67% of the assessable value in 2001 to 16% of the assessable value in 2005 as already discussed above.

Personnel Expenses

Personnel expenses consist of salaries, wages, overtime and bonus, contribution to employee benefit schemes, employee welfare charges and staff recruitment and training. Personnel expenses have come down from 1.03% of the total income in 2001 fiscal to 0.76% in fiscal 2005. Increased automation and improved production techniques have led to economies of scale and, consequently, reduced our manpower requirements per ton of output.

Administrative and Other Expenses

With the increased scale of operations of the company, administrative and other expenses have gone up from 38.06 lacs in 2001 to 65.59 lacs in 2005 i.e increase of 73% over the stated period. However, in percentage terms, they have come down from 0.91% of the total income in 2001 to 0.51% of the total income in 2005.

Selling and Distribution Expenses

Selling and distribution expenses consist largely of transportation costs, commissions paid to our stockists / dealers and advertising costs in electronic and print media. Expressed as a percentage of total income, selling and distribution expenses accounted for 1.48% of the total income in 2001 remained at the same level in 2005 as well. However, in real terms they have increased in direct proportion to sales as discussed above.

Financial Charges

The financial expenses have come down from 0.69 % of the total income in 2001 to 0.47 % in 2005 fiscal. The reduction in interest and finance charges is partly attributable to general reduction of interest rates in India (the ten-year yield on government debt securities declined from 10.36% on April 2, 2001 to 7.16% on May 17, 2005). We have used structured finance solutions that reduce our financing costs to the minimum.

Depreciation

Depreciation which was 0.91% of the total income in 2001 has come down to 0.55% of the total income in 2005. However in absolute terms, depreciation charge has gone up from 38.02 lacs in 2001 to 69.95 lacs in 2005 i.e increase of 83.98% due the fact, the "Gross Block" of fixed assets has increased from 575.52lacs in 2001 to 979.61 lacs in 2005.

REVIEW OF RESULTS OF OPERATIONS

Nine-Month Period Ended December 31, 2005 Compared to 2005 Fiscal

(Rs. in lacs)

	Period Ended December 31, 2005		Year Ended Fiscal 2005	
Sales of Product-Manufactured Goods Traded by the Company	8820.97	9500.67	9702.50	12629.10
Other income		254.68	2926.60	116.90
Raw material consumed		6112.10		6680.85
Manufacturing expenses		1154.02		1559.54
Excise duty		1230.34		956.97
Selling and distribution expenses		187.46		187.53
Personnel expenses		80.82		96.24
Admin. & other operating expenses		64.53		65.59
Interest and finance charges		44.38		59.32
Depreciation		52.38		69.95
Net profit before taxes		286.31		263.10
Taxes		96.86		91.91
Net profit after tax		189.45		171.19

Net Sales : Sales, net of returns, upto December 31st 2005, as per audited figures were 9500.67 Lacs compared & 12629.10 Lacs for fiscal 2005 showing constant trend. However, we in remaining months of current fiscal, banked by a strong market are confident of achieving a overall increase in sale in 2006 fiscal compared to 2005.

Other Income: Other income at Rs.254.68 lacs for the nine month period of current fiscal has clocked a 117.86% increase compared to entire 2005 fiscal year . Any increase in other income will contribute directly to our bottomline for fiscal 2006.

Raw Material Consumed. : Raw Material consumption for nine month period ended 31st December 2005 has remained stable as 69% of the sales of products manufactured by our company. During the nine month of current fiscal raw material prices have not shown any undue variation and have remained stable.

Manufacturing Expenses : These have not shown any major fluctuation and constitute 13.08% of the product manufactured by the company. In comparison the corresponding figure for fiscal 2005 stood at 16.07%.

Excise Duty : Excise Duty constituted 9.86 % of the amount of sales of product manufactured by the company in 2005 fiscal. In comparison the corresponding figure for nine month ended 31st December, 2005 was 13.95% the change has been due to the fact that in 2005 fiscal excise duty was 16% whereas in 2005 upto 7th July 2005 the rate of excise duty was 8% thereafter upto February 2005 the rate of excise duty was 12% and surcharge there on and from 1st March 2005 the rate of excise duty was 16% and surcharge thereon.

Personnel Expenses : Personnel expenses, which stored at Rs.96.24 lacs for 2005 fiscal were Rs. 80.82 lacs for the nine month period ended 31st December 2005. In percentage terms, they were 0.76% of net sales for 2005 fiscal and 0.85% of net sales upto 31st December 2005.

Financial charges : Finance and interest charges for 2005 fiscal were Rs.59.32 lacs and for the nine months period ending December 2005 they were 44.38 lacs. In percentage terms they are 0.46% of the net sales for nine months ended 31/12/2005 and were 0.47% of net sales for 2005 fiscal.

Depreciation : Depreciation charge as Rs. 52.38 lacs. Nine months ended 31st December, 2005 has been commensurate with the block of fixed assets of the company and has been provided on SLM (Straight Line Method) of depreciation as per the rates prescribed in schedule XIV of the companies Act 1956.

Administrative & other operating expenses : Administrative & other operating expenses were Rs.64.53 lacs for nine months period ended 31st December, 2005. compared to 65.59 lacs for the 2005 fiscal. They are 0.68% of net sales for fiscal nine months of current fiscal and were 0.52% of net sales for entire 2005 fiscal showing a small raising trend.

Selling & Distribution Expenses : Selling & distribution expenses have been Rs.187.46 lacs for nine months of the current fiscal and were Rs. 187.53 lacs for 2005 fiscal. They were 1.48% of net sales for the year 2005 and have been 1.97% of net sales for the nine months period ended 31st December, 2005.

REVIEW OF FINANCIAL POSITION

Fixed Assets

Fixed assets are comprised mainly of land and buildings, plant and machinery, furniture, office equipment, computers, vehicles and capital work in progress .

During the period ended 31.12.2005 there were net addition Rs 111.70 Lac of fixed assets, consisting of purchased Land, plant & Machinery, office equipment and other fixed assets and an increase in the depreciation charge of Rs.52.71 Lac.

Investments

We has invested Rs 100 lac in equity shares of Kali Metals (P) Ltd and Rs.24.00 lac in share application money of Kali Metals (P) Ltd during the period ended as on 31.12.05. We has invested Rs 20.00 lac in partnership with S.R.Ferro Alloys during the period ended as on 31.12.05 .

Current Assets

Current assets consist of inventories, debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the growth of our business activities.

Current assets decreased by Rs. 199.94 Lac, or 93.53%, from Rs. 2340.68 Lac as at Fiscal 2005 to Rs. 2140.74 Lac as at period ended 31st December, 2005, due to decreases in inventories (Rs. 74.63 Lac), Sundry debtors (Rs. 141.69 Lac), and increase in cash and bank balances (Rs. 15.84 Lac) & Loan and Advances (Rs. 0.54 Lac).

Inventories made up 24.59% of total current assets as at fiscal 2005. Inventories comprise mainly Raw material , Stores & Spares, Work in progress, finished and semi finished goods. The overall decrease Rs. 74.53 Lac in the inventory from Rs 575.63 Lac in the fiscal 2005 , to Rs. 501.00 Lac in the Period ended 31st December, 2005. Inventories turnover period remains almost constant at 20-22 days in the period ended 31st December, 2005 and fiscal year 2005.

Debtors accounted for 57.19% of total current assets as at fiscal year 2005. Debtors decreased from Rs. 1338.76 Lac as at fiscal year 2005 to Rs. 1197.07 Lac as at period ended 31st December, 2005. Debtors turnover remains almost constant from 40-45 days.

Cash and bank balances accounted for only 4.40% of total current assets as at fiscal year 2005. There is marginal increase of Rs. 15.84 Lac in the period ended 31st December, 2005

Loans and advances accounted for 13.80% of total current assets as at fiscal year 2005. Loans and advances marginally increased Rs. 0.54 Lac from Rs. 323.16 Lac as at fiscal year 2005 to Rs. 323.70 Lac as at period ended 31st December, 2005.

Current Liabilities and Provisions

Current liabilities comprise Sundry Creditors against goods, Expenses Payable, other payables, Gratuity Payable and tax provisions.

Current liabilities have decreased as compared with fiscal 2005 and provision for taxation increased in line with the growth in our business activities.

Current liabilities and provisions decreased by 47% from Rs. 1286.11 Lac as at fiscal year 2005 to Rs. 685.47 lac as at period ended 31st December, 2005

Non-Current Liabilities

Non-current liabilities consist of long-term secured loans, long-term unsecured loans and deferred tax liabilities. Non current Liabilities has decreased in period ended 31st December, 2005.

Non-current liabilities decreased by Rs. 102.91 Lac, or 14%, from Rs. 750.80 lac as at fiscal year 2005 to Rs. 647.89 lac as at period ended 31st December, 2005 mainly due to decrease in long-term secured loans of Rs. 138.04 lac from Rs. 388.99 lac as at fiscal year 2005 to Rs. 250.95 lac as at period ended 31st December, 2005, increase in long-term unsecured loans of Rs. 37.52 lac from Rs. 280.61 lac as at fiscal year 2005 to Rs. 318.13 Lac as at period ended 31st December, 2005 and decreases in deferred tax liabilities of Rs. 2.39 lac from Rs. 81.80 lac as at fiscal year 2005 to Rs. 78.81 lac as at period ended 31st December, 2005.

Net Worth

Net worth increased by Rs. 361.35 lac or 47% from Rs 772.06 lac as at fiscal year 2005 to Rs. 1133.41 lac as at period ended 31st December, 2005.

Fiscal 2005 as Compared to Fiscal 2004

(Rs. in lacs)

	Fiscal 2005	Fiscal 2004
Sales of Product Manufactured by company	9702.50	7011.57
Goods Traded by company	2926.60	1346.56
Other income	116.90	55.22
Raw material consumed	6680.25	4935.33
Manufacturing expenses	1559.54	655.06
Excise duty	956.97	831.37
Selling and distribution expenses	187.53	209.74
Personnel expenses	96.24	46.48
Admin. & other operating expenses	65.59	266.65
Depreciation	59.32	55.70
Net profit before taxes	263.10	180.22
Taxes	91.91	65.71
Net profit	171.19	114.51

Raw Material Consumed

Raw materials consumption as a percentage of total expenditure have come down from 61.31 % in fiscal 2004 to 53.53% in fiscal 2005 i.e by about 7.75% mainly due to increase in trading activity. Cost of goods traded in which stood at 1225.34 lacs in 2004 more than doubled to 2802.53 lacs in 2005, having its impact on percentage raw material consumption in the process. However, percentage of 'raw material consumed' to 'sale of products manufactured by the company' remained stable at 68.85% in 2005 compared to 70.38% in 2004. Wastage in 2005 production has also decreased compared to 2004 due to increased automation and adoption of new technologies and techniques of production has lead to the decreased raw material costs.

Cost Of Goods Traded In

The company started its trading activities in 2002, which gained momentum in forthcoming years. Purchase cost of goods traded in which accounted for 15.22 % of the total expenditure in 2004 has gone up to 22.46% of the total expenditure in 2005 on account of increased trading activity of the company from Rs. 1346.56 lacs in 2004 to Rs. 2926.60 lacs in 2005.

Manufacturing Expenses

As discussed earlier, manufacturing expenses consist of power and fuel, consumption of stores and spares and repairs and maintenance of plant and machinery. Manufacturing expenses which constituted 8.14% of total expenditure in 2004 have gone upto 12.50% of total expenditure on account of increase in rate of fuel, i.e., furnace oil and has adversely affected production of ingots.

Excise Duty

Excise duty which constituted 9.86% of the amount of sale of products manufactured by the company in 2005 fiscal in comparison it was 11.85% in fiscal 2004. There was variation in excise duty rates in the year 2004.

Personnel Expenses

Personnel expenses consist of salaries, wages, overtime and bonus, contribution to employee benefit schemes, employee welfare charges and staff recruitment and training. Personnel expenses which were 0.58% of total expenditure in 2004 stood at 0.77% of the same in 2005. Due to increased automation and improved production techniques and economies of scale, our manpower requirements per ton of output have reduced.

Administrative and Other Expenses

With the increased scale of operations of the company, administrative and other expenses have gone up from Rs. 56.91% lacs in 2004 to Rs. 65.59 lacs in 2005 i.e by 15.25% which is a normal and acceptable increase.

Selling and Distribution Expenses

Selling and distribution expenses consist largely of transportation costs, commissions paid to our stockists / dealers and advertising costs in electronic and print media. Expressed as a percentage of total income, selling and distribution expenses accounted for 2.61% of the total expenditure in 2004 were 1.50% of the total expenditure in 2005. In absolute terms they stood at Rs. 209.74 lacs in 2004 and were Rs. 187.53 lacs in 2005.

Financial Charges

The financial expenses have increased from 0.43% of total expenditure in 2004 to 0.48% of the total expenditure in 2005. In real terms they were Rs. 34.27 lacs in 2004 and Rs. 59.32 lacs in 2005. The increase occurred partly due to increase in term loans which stood at Rs. 193.31 lacs as on 31.03.2004 to Rs. 216.71 lacs as on 31.03.2005 and partly due to increase in availment of working capital limits to Rs. 172.28 lacs as on 31.03.2005 compared to Rs.146.90 lacs as on 31.03.2004. .

Depreciation

Depreciation charge for fiscal 2004 and 2005 has been commensurate with the quantum of gross block of fixed assets in the respective years. Depreciation charge was Rs. 50.70 lacs in 2004 and Rs. 69.95 lacs in 2005 whereas the gross block of fixed assets was Rs. 882.49 lacs as on 31.03.2004 which increased to 979.60 lacs on 31.03.2005.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines:

a. **Unusual or infrequent events or transactions:**

There have been no unusual or infrequent transactions that have taken place

b. **Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However, considering the low amount of imports, the effect of foreign exchange rate variations on our business is limited. Except the above, there are no significant economic changes that materially affect or likely to affect income from continuing operations.

c. **Known trends or uncertainties**

Apart from the risks as disclosed in this Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

- d. **Future relationship between costs and revenue**
The expansion of the current operations would enable the Company to procure raw materials on more competitive terms from suppliers. This would in turn result in over all reduction in cost and help the Company to achieve economies of scale.
- e. **Reason for increase in sales/revenue**
The increase in sales is mainly due to increased volume.
- f. **Total turnover of the Industry**
Please refer to the Para on "Industry Data" referred on page 35 of this Prospectus.
- g. **New products introduced in the year 2005**
We have not introduced any new products except for enhanced and improved version of existing products.
- h. **Seasonality of business**
None of the Company's products sold are seasonal in nature.
- i. **Over dependence on Single supplier/Customer**
The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. Also, the Company is not excessively dependent on a single customer for its sales.
- j. **Competitive conditions**
The Company has been strengthening its position in the product lines in which it is operating. The Company also has been expanding its markets and customer base in the local and wish to explore international market. All these things have been helping the Company to stand against the competition.

OUTSTANDING LITIGATIONS

I. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

A. FILED AGAINST THE COMPANY

1. LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation pending against the Company involving criminal offences.

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

There is no litigation pending against the Company involving securities or economic offences.

3. LITIGATION INVOLVING STATUTORY LAWS

There is no litigation pending against the Company involving statutory offences save as herein below mentioned:

3.1 SALES TAX / ENTRY TAX CASES

SL. NO.	ASSESSMENT YEAR	PARTICULARS	DEMAND (RS. LACS)	DEMAND OUTSTANDING (Rs.)	STATUS
1.	2001-02 Order u/s 78(10)(b) of the Rajasthan Sales Tax Act, 1994 for violation under Section 78(2) (b) of the Rajasthan Sales Tax Act, 1994 by the ACTO, Bhiwadi, Rajasthan.	Charges levied were that the Documents were not having seal of check post and not even one of the set of documents was left on the check post.	40,463/-	Paid	Kamdhenu Ispat Ltd. has filed an appeal u/ s 84 of the Rajasthan Sales Tax Act, 1994 against the order dated 09.07.02. to the Deputy Commissioner of Appeal.
2	2003-2004 14.03.04 Show cause u/s 78(5) of the Rajasthan Sales Tax Act, 1994 for violation Section 78 (2) (a) of the Rajasthan Sales Tax Act, 1994 issued by ACTO (FIS.) Bhiwadi, Rajasthan.	Illegal seizure without issuing a seizure memo as declaration Form-ST-18C not accompanying the goods at the time of checking.	50,385/-	Paid	Kamdhenu Ispat Ltd. has filed an appeal u/ s 84 of Rajasthan Sales Tax Act, 1994 against the show cause notice dated 14.03.2004 with the Deputy Commissioner of Appeal.
3	2001-2002 Order Dated 09-02-04 u/s 29, 58, 65 and 69 of the RST Act 1994 and further rectified Order dated 03-12-04 u/s 9 of the same Act	Unaccounted sale of the material saved from job work done for SAIL	5,12,136	3,04,206	Company has filed an appeal u/s 84 of the said act dated 25-05-04 against the Order dated 09-02-2004 with the Deputy commissioner of Appeals
4	2003-2004 18.02. 04 Show cause u/s 78(5) of the Rajasthan Sales Tax Act, 1994 for violation under Section 78 (2) (a), (4) & (5) of the Rajasthan Sales Tax Act, 1994 issued by ACTO (FIS.) Bhiwadi, Rajasthan	Illegal demand due to declaration Form-18C not available with the document when checked.	45,011/-	Paid	Kamdhenu Ispat Ltd. has filed an appeal u/ s 84 of Rajasthan Sales Tax Act, 1994 against the show cause notice dated 18.02.2004 before Deputy Commissioner of appeal .

SL. NO.	ASSESSMENT YEAR	PARTICULARS	DEMAND (RS. LACS)	DEMAND OUTSTANDING (Rs.)	STATUS
5	2003-2004 Show cause u/s 78 (4) Rule (5) of the Rajasthan Sales Tax Act, 1994 for violation under Section 78 (2) (a) of the Rajasthan Sales Tax Act, 1994 by A.C. (F.S), Alwar, Rajasthan.	Illegal demand due to illegal seizure without issuing an seizure memo and without waiting for the date of hearing.	70,330/-	Paid	Kamdhenu Ispat Ltd. has filed an appeal u/ s 84 of Rajasthan Sales Tax Act, 1994 against the show cause notice dated 08.09.04 to the Deputy Commissioner of Appeal.
6	2000-2001 Order dated 09-02-04 u/s 30,58 65 & 69 of the RST Act, 1994 issued b AC(A/E-I), Jaipur	Unaccounted sale of the material saved from job work done for SAIL	4,83,619	2,91,257	Company has filed an Appeal on 22-05-04 u/ s 84 of RST Act, 1994 with the Deputy commissioner of Appeals.
7	2002-2003 Show cause u/s 78 (4) Rule (5) of the Rajasthan Sales Tax Act, 1994 was issued by ACTO (F S) Alwar, Rajasthan.	Illegal seizure without issuing an seizure memo on the ground that Invoice is not serially printed and the number has been raised through computer.	42,055/-	Paid	Kamdhenu Ispat Ltd. has filed an appeal u/ s 84 of Rajasthan Sales Tax Act, 1994 against the show cause notice dated 19.09.2003 to the Deputy Commissioner of Appeal.
8	1999-2000 Order dated 28-02-02 u/s 28 and 58 of the RST Act, 1994 by ACTO Bhiwadi	Illegal demand due to purchase of raw materials without paying sale tax and transfer, the finished manufactured from this raw material, to outside state	5,76,855	Paid.	Company has filed an Appeal u/s 84 of RST Act, 1994 with the deputy Commissioner of Appeals
9	1999-2000 Order dard 09-02-04 u/s 30, 58, 65 and 69 of the RST Act 1994 by AC(A/E-I), Jaipur	Unaccounted sale of the material saved from job work done for SAIL	52,077	31,369	Company has filed an Appeal u/s 84 of RST Act, 1994 with the deputy Commissioner of Appeals
10	2003-04 Show cause u/s 78(10)(b) of the Rajasthan Sales Tax Act, 1994 for violation under Section 78(2) (b) of the Rajasthan Sales Tax Act, 1994 b A.C. (A/ E) Alwar, Rajasthan	Illegal demand due to illegal seizure without issuing an seizure memo and without waiting for the date of hearing	84,862	paid	Appeal filed against penalty order dated 12.01.04 on 02.03.04. The matter is still pending with the Deput Commissioner of Appeal.
11	1998-99 Order dated 09-02-04 u/s 30,58,65 & 69 of RST Act 1994 issued b AC(A/E-I), Jaipur	Illegal draw of tax on unaccounted sale of the material saved from job work done for SAIL	1,10,825	66,742	Company has filed an Appeal u/s 84 of RST Act, 1994 on 22.5.2004 with the deputy Commissioner of Appeals
12	2002-2003 Order dated 09-02-04 u/s 29,58, 65 & 69 of 24-02-2005 b AC (A/E-I), Jaipur	Unaccounted sale of material saved from job work done	2,39,690	1,39,690	Appeal has been filed u/s 84 of the Rajasthan Sales Tax Act, 1994 on 23-04-05 with the Deputy Commissioner of Appeal.

SL. NO.	ASSESSMENT YEAR	PARTICULARS	DEMAND (RS. LACS)	DEMAND OUTSTANDING (Rs.)	STATUS
13	2003-04 28.03.03 Notice dated 28.03.03 (penalty u/s 78(2) (a) reply filed on the same date and also appeal was filed Notice was issued by ACTO (FIS), Bhiwadi, Rajasthan	Illegal demand due to seizure without issuing an seizure memo and notice alleged that declaration Form-ST-18 C having important column blank.	39,145	Paid	Paid the penalty on 30.8.03 Appeal filed on 28-11-2003 with the Deputy Commissioner of Appeal
14	2002-2003	Penalty Order dated 16-05-2002	69,106	Paid	Appeal filed on 03-07-02. The appeal decided in favour of Company by Deputy Commissioner of Appeals by Order dated 08-09-04. Further CTO (A/E) Alwar filed an appeal against this Order before Rajasthan Tax Board, Ajmer.
15	2004-05 Penalty order dated 28.03.04 u/s 78(2)(a) and 78(5) of RST, Act, 1994 by A.C.(A.E-I), Alwar	Illegal demand due to illegal seizure without issuing seizure notice	46,439	Paid	Penalty paid on 28.03.04 and reply filed. Appeal was filed on May 20, 2004 Matter is still pending with the Deputy Commissioner of appeals
16	2004-2005 Penalty Order dated 16-02-2004 u/s 78(5) of the RST Act, 1994 by A.C.(A.E-I), Alwar	Illegal demand due to goods not covered by proper documents	1,85,105	Paid	Appeal was filed on 03-03-2005. Matter is still pending with the Deputy Commissioner Appeal.
17	2004-05 Penalty order dt. 22.09.04 u/s 78(5) by of RST Act A.C.(A.E-I), Alwar	Illegal demand due to order order issued in arbitrary manner merely rejecting our explanation	70,490	Paid	Appeal filed on 10.11.04 Matter still pending with the Deputy Commissioner of Appeals.

3.2 CENTRAL EXCISE

Commissioner of Excise and Customs vs. Kamdhenu Ispat Ltd.

Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status	Present Status Amount Involved & Provisions made in the financial statements
<i>Plaintiff:</i> Commissioner of Excise and Customs. <i>Respondent:</i> Kamdhenu Ispat Limited.	High Court of Rajasthan at Jaipur	Dispute related to illegal levy of penalty by the Revenues department. The Period of Dispute is Sept 1998 to Feb 1999.	Kamdhenu has appealed against the penalty imposed and Revenue department has also filed an appeal stating that the penalty imposed should be equal to the amount involved..	The amount involved is Rs. 4, 48,627/- and the penalty imposed is 2,25,000/-.the amount is shown as contingent liability in the financial statements for the year ended on 31.03.2005

3.3 INCOME TAX

S.No.	ASSESSMENT YEAR	PARTICULARS	DEMAND (RS. LACS)	STATUS
1.	Order of Deputy Commissioner of Income Tax, Alwar for Assesment year 1996-97	illegal disallowances/ Additions of expenses of Rs. 5.00 Lacs for the Assesment year 1996-97	5.00 Lacs	Company has filed an appeal before the Commissioner of Income Tax (Appeals), Alwar through Appeal no. 297/97-98
2.	Order of Deputy Commissioner of Income Tax, Alwar for Assesment year 2001-02	illegal disallowances/ Additions of expenses of Rs. 5.52 Lacs for the Assesment year 2001-02	5.52 Lacs	Company has filed an appeal before the Commissioner of Income Tax (Appeals), Alwar through Appeal no. 152/04-05. The Company has deposited Rs. 3.00 lacs under project.

4. LITIGATION INVOLVING CIVIL LAWS

There is no litigation pending against the Company involving civil laws.

5. LITIGATION INVOLVING LABOUR LAWS

There is no litigation pending against the Company involving labour offences.

B. FILED BY THE COMPANY**1. LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation filed by the Company involving criminal offences save as stated herein below:

Kamdhenu Ispat Limited vs. KMD Cement Private Limited

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
Criminal complaint before the court of ACMM, Delhi <i>Complainant: M/s Kamdhenu Ispat Limited</i> <i>Accused: KMD Cement Private Limited</i>	Court of Chief Metropolitan Magistrate, Delhi.	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an under section 103, 104 of Trademarks Act, 1999; sections 63 and 64 of Copyright Act, 1957 and section 420 of the Indian Penal Code.	E x - P a r t e arguments are going on in the matter

2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

There is no litigation filed by the Company involving securities or economic offences.

3. LITIGATION INVOLVING STATUTORY LAWS

There is no litigation filed by the Company involving statutory law.

4. LITIGATION INVOLVING CIVIL LAWS

There is no litigation filed by the Company involving civil laws save as stated herein below:

4.1 Kamdhenu Ispat Limited vs. Kamdhenu Industrial Services.

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
O.S. No.1069 of 2005 <i>Plaintiff: M/s Kamdhenu Ispat Limited</i> <i>Respondent: Kamdhenu Industrial Services.</i>	High Court of Delhi at New Delhi	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an application under Order 39 Rule 1 & 2 read with Section 151 CPC, <i>inter alia</i> , praying for <i>ad-interim ex-parte</i> injunction in regard to the above.	The oposite party has approached for settlement of the case. The next date of hearing is on 19.04.2006.

4.2 M/s. Kamdhenu Ispat Limited vs. M/s. Kamdhenu Wires

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
O.S. No.1102 of 2005 M/s. Kamdhenu Ispat Limited against M/s. Kamdhenu Wires	High Court of Delhi at New Delhi	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an application under Order 39 Rule 1 & 2 read with Section 151 CPC, <i>inter alia</i> , praying for <i>ad-interim ex-parte</i> injunction in regard to the above.	The Opposite Party has been restrained from using the Trade Mark 'KAMDHENU' vide ex-parte order of injunction dated 25.08.2005. Pleadings in the said case are complete and the case is fixed for final agreements for 2.5.2006

4.3 M/s. Kamdhenu Ispat Limited vs. M/s. Kamdhenu International

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
O.S. No.1103 of 2005 <i>Plaintiff:</i> M/s Kamdhenu Ispat Limited <i>Respondent:</i> Kamdhenu International	High Court of Delhi at New Delhi	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an application under Order 39 Rule 1 & 2 read with Section 151 CPC, <i>inter alia</i> , praying for <i>ad-interim ex-parte</i> injunction in regard to the above.	Opposite Party has been restrained from using the firm name "KAMDHENU" vide ex-parte order of injunction dated 10.08.2005. The said suit has been decreed in company's favour on 31.1.2006.

4.4 M/s. Kamdhenu Ispat Limited vs. M/s. Rajrappa Steels Pvt. Ltd.

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
O.S. No. 1330 of 2005 <i>Plaintiff:</i> M/s Kamdhenu Ispat Limited <i>Respondent:</i> Rajrappa Steels Private Ltd.	High Court of Delhi at New Delhi	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an application under Order 39 Rule 1 & 2 read with Section 151 CPC, <i>inter alia</i> , praying for <i>ad-interim ex-parte</i> injunction in regard to the above.	Case filed by the company and Ad interim ex-parte injunction has been obtained. Pleadings in the said case are complete and case is fixed for final argument on 9.5.2006

4.5 Kamdhenu Ispat Limited vs Kamdhenu Metals

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
C.S. (O.S) No. 1204 of 2005 <i>Plaintiff:</i> M/s Kamdhenu Ispat Limited <i>Respondent:</i> Kamdhenu Metal	High Court of Delhi at New Delhi	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an application under Order 39 Rule 1 & 2 read with Section 151 CPC, <i>inter alia</i> , praying for <i>ad-interim ex-parte</i> injunction in regard to the above.	Opposite Party has been restrained from using the trademark 'KAMDHENU" vide order dated 27.10.2004. The said case is fixed for services upon defendants for 7.3.06 in Delhi High Court

4.6 M/s Kamdhenu Ispat Limited vs M/s KMD Cements Pvt. Ltd.

Number of the case & Parties to the case	Court in which it is filed and in which it is pending as on date	Charges / Allegation involved	Present Status
CS (OS) No. 1329/2005 <i>Plaintiff:</i> M/s Kamdhenu Ispat Limited <i>Respondent:</i> KMD Cement Pvt. Ltd.	High Court of Delhi at New Delhi	Passing off, unfair competition, disposing of and/ or dealing with goods under the Trade Mark Kamdhenu alongwith an application under Order 39 Rule 1 & 2 read with Section 151 CPC, <i>inter alia</i> , praying for <i>ad-interim ex-parte</i> injunction in regard to the above.	Case has been filed by the company. Next date of hearing is 6.3.2006

II Outstanding litigations involving any of the promoter/ director of the Company

The following are the litigations pending against one of the Director's of the Company namely Shri Pradeep Kumar Agarwal

Service Tax

ASSESSMENT YEAR	PARTICULARS	AMOUNT INVOLVED (RS. LACS)	STATUS
2004-05 Show cause notice C. No. V (ST) 80/ AJM/2005/2089 dated 16.03.2005	The Show cause notice C. No. V (ST) 80/AJM/2005/2089 dated 16.03.2005 was issued by the Deputy Commissioner, Central Excise Division, Ajmer against M/s Raghveer Metal Industries Limited and three of its Directors, one of them being Shri Pradeep Kumar Agarwal for service matters pending u/s 73 (2) of the Finance Act, 1994.	Rs. 35.83	The Reply has been submitted to the Deputy Commissioner, Central Excise Division, Ajmer by the Mr. Pradeep Agarwal, alongwith the other appellants, M/s Raghveer Metals Industries Limited, Mr. Abhay Agarwal and Smt. Geeta Agarwal on 23.08.2005. No further action has been taken in respect of the said matter.

Other than abovementioned litigation involving the Statutory Laws, there is no other litigation pending against any of the Director/ Promoter of the Company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS
2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS
3. LITIGATION INVOLVING CIVIL LAWS
4. LITIGATION INVOLVING LABOUR LAWS

There is no litigation filed by any of the other Directors/Promoters of the company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS
2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS
3. LITIGATION INVOLVING STATUTORY LAWS
4. LITIGATION INVOLVING CIVIL LAWS
5. LITIGATION INVOLVING LABOUR LAWS

III. OUTSTANDING LITIGATIONS INVOLVING PROMOTER'S/ DIRECTOR'S GROUP COMPANIES

The following are the litigations pending against the Group Companies

Raghuveer Metals Industries Limited

Excise Duty

ASSESSMENT YEAR	PARTICULARS	AMOUNT INVOLVED (RS. LACS)	STATUS
2002-2003 Order in original no. 59/CE/JP-II/ 2003 dated 3.10.2003.	The order was passed by the Commissioner of Central Excise, Jaipur-II, imposing a penalty u/s 3A of the Central Excise Act, 1944 relating to fixation of the Annual capacity of production.	Rs.36.82	The Company has filed an Appeal No. E/31/2003/NBA before the Customs, Excise and Service Tax Appellate Tribunal, New Delhi for stay of the impugned order and to waive pre deposit of the said amount till the disposal of appeal. The matter is pending before the Tribunal as of now.
2002-2003 Appeal no. CA.No. D5644/2002 and Appeal no. CA No. 5676/2002 dated 23.09.2002 before the Supreme Court	The issue pertains to determination of annual capacity of production in terms of Section 3A of the Central Excise Act. with regards to show cause notices issued by the Commissioner of Central Excise, Jaipur-II. The Civil Appeals have been filed in the Supreme Court. Appeal no. CA No. 5644/2002 pertains to determination and Appeal no. CA No. 5676/2002 is filed with regards to the differential duty.	Rs. 55.66	The matter is admitted in the Supreme Court and notice has been issued for stay against the order of the Tribunal. The matter is pending in the Supreme Court.

Service Tax

ASSESSMENT YEAR	PARTICULARS	AMOUNT INVOLVED (RS. LACS)	STATUS
2004-05 Order in original no. 38/ST/2005 dated 10.06.2005	The Order was passed with reference to the show cause notice bearing C. No. V(ST)159/ AGM/2004/1379 to 1383 issued by Anti evasion party of the Central Excise Division, Ajmer for the reason mentioned thereunder that the operations of the Company were covered under taxable service defined u/s 65 of the Finance Act, 1994.	Rs. 170.50	The Company and two of its directors namely Mr. B.K. Malik and Mr. Abhay Agarwal have filed Appeals No. ST/AJ/ 87 to 89/IX/05 before the Commissioner (Appeals-II), Custom and Central Excise, Jaipur against the said Order. The matter is still pending before the aforesaid party.
2004-05 Show cause notice C. No. V (ST) 80/AJM/ 2005/2089 dated 16.03.2005	The Show cause notice C. No. V (ST) 80/AJM/2005/2089 dated 16.03.2005 was issued by the Deputy Commissioner, Central Excise Division, Ajmer against the Company and three of its Directors for service matters pending u/s 73 (2) of the Finance Act, 1994.	Rs. 35.84	The Reply has been submitted to the Deputy Commissioner, Central Excise Division, Ajmer by the Company three of its Directors namely Mr. Pradeep Agarwal, Mr. Abhay Agarwal and Smt. Geeta Agarwal on 23.08.2005. No further action has been taken in respect of the said matter.

Sales Tax

ASSESSMENT YEAR	PARTICULARS	AMOUNT INVOLVED (RS. LACS)	STATUS
2004-05	Penalty imposed by the Sales Tax Officer u/s 74 of the Sales Tax Act, due to the reason that complete documents are not accompanied to the vehicle.	Rs 2.41	The demand raised has been deposited under protest. The appeal is yet to be filed.

Kamdhenu Industries Limited

ASSESSMENT YEAR	PARTICULARS	AMOUNT INVOLVED (RS. LACS)	STATUS
2001-02 Order U/s 23 (4) of Delhi Sales Tax Act, 1975	Assessment under Delhi Sales Tax Act, 1975 was made exparte by the STO, Ward-71, U/s 23 (4) of Delhi Sales Tax Act, 1975	Rs. 24.85	The Appeal was preferred with Addl. Commissioner- III against the order on 30.06.03, Stay was granted on 10.02.04 against the demand of Rs. 24.85 Lacs. The appeal has been decided on 24.03.05 in our favour and the case has been remanded back to the STO for framing the fresh assessment.

Other than the abovementioned litigations involving Statutory Laws, there are no litigations pending against the Directors/ Promoters Group Companies under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS
2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS
3. LITIGATION INVOLVING CIVIL LAWS
4. LITIGATION INVOLVING LABOUR LAWS

There is no other litigation filed by the Directors/Promoters Group Company under any of the following heads:

1. LITIGATION INVOLVING CRIMINAL LAWS
2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS
3. LITIGATION INVOLVING STATUTORY LAWS
4. LITIGATION INVOLVING CIVIL LAWS
5. LITIGATION INVOLVING LABOUR LAWS

IV. NOTICES

The Company has not received any notices except for the following:

1. On February 25, 2005 the Regional Officer of the Rajasthan State Pollution Control Board issued an on the spot notice to the Company during the inspection pointing certain operational deficiencies. The said notice required the company to reply the notice within a period of seven days.

Reply:

The Company vide its letter dated March 10, 2005, replied to the notice and stated all the deficiencies pointed in the said Notice have been duly complied with. The Company in its reply further elaborated the steps undertaken for complying with the above deficiencies. A letter no. RPCB/RO/BWD/OR-88/2030 dated 28.10.2005 received from the Rajasthan State Pollution Control Board in response of above said letter and confirm that there is no deficiencies. However order from SR.Environmental Engineer, RPCB is yet to be received.

2. Notice dated 18th September 2002 issued by Rajasthan State Pollution Control Board directing Company to submit Environmental Statement for the year 2000-2001.

Reply:

The Company has filed its reply to the said notice. However, there has been no response from State Pollution Control Board and no further action has taken place with respect to the said notice.

V. MATERIAL DEVELOPMENTS SINCE LAST BALANCE SHEET DATE

There are no material developments since the date of the last balance sheet which is December 31st, 2005, except as stated in the chapter titled 'Business over view' on page 43 of this prospectus.

GOVERNMENT AND OTHER APPROVALS

The Company has received the following Government approvals/licenses/permissions:

1. Certificate of Incorporation No.17-08767 dated 12th September, 1994 issued by the Registrar of Companies, Rajasthan, Jaipur.
2. Certificate of Commencement of Business dated 29th December, 1994 issued by the Registrar of Companies, Rajasthan, Jaipur.
3. Certificate u/s 18(3) of the Companies Act, 1956, vide CP No. 220/17/2004-CLB dated 2nd March, 2005 issued by Asst. Registrar of Companies, NCT of Delhi & Haryana for change of Registered Office of the Company from Bhiwadi, Rajasthan to NCT of Delhi. The new registration number of the company being 55-134282
4. Certificate of Registration No. AAACK7155M–XM–001 dated November 27, 2001, from Central Excise Department, under the Central Excise Rules, 2001.
5. Factory License No. RJ/21710 from the designated authorities under the Factories Act, 1948 and the rules framed thereunder. The registration has been renewed by the Company and is valid till March 31, 2006 and there is also an endorsement indicating that the same is valid till March 31, 2007.
6. Certificate of Stability under the provisions of the Rajasthan Factory Act for its factories located at A-1114 and A-1112, RIICO Industrial Area, Bhiwadi, Rajasthan vide letter dated June 27, 2005 issued by the Authorised Competent Person under the Factories Act.
7. The Company is duly registered both under the Central as well as under the local sales tax laws as a Dealer under Central Sales Tax Act for making inter state sales and under the local sales tax laws for doing intra state sales. The details of registration are being given as under:

Details of Sales Tax Registrations

Name & Address	Kamdhenu Ispat Ltd., A-1114, RIICO Industrial Area, Bhiwadi, Alwar, Rajasthan
Location	Rajasthan
CST No.	0206/00517
LST No.	0206/00517
TIN No.	08880850516

Ref. No.: Form S.T. 4
Dated: August 08, 1994
Certificate valid from: November 08, 1994

8. NOC Dated: January 24, 2002 for storage of 40 Kltr. Solvent in the factory premises issued under office of Senior Inspector of Factories and Boilers, Alwar (Factories and Boilers Inspection Dept.)
9. The Company is storing petroleum in excess of the quantities specified under the Petroleum Act, 1934 at its Bhiwadi Unit. In this regard it has obtained proper permission from the Chief Controller of Explosives, Department of Explosives, Government of India dated September 28, 1995 in response to letter from the Company, dated September 25, 1995. Issuance of Intimation Acknowledgement letter acknowledging location of A/G tank for storage of F.O./L.D.O. 40 Kltr. Petroleum 'C' Class under the Petroleum Rules, 1976 in the premises of KIL, A-1114, RIICO Industrial Area, Phase III, Bhiwadi. The permission to Import and Store Petroleum is valid upto February 12, 2007
10. Attestation Certificate dated March 05, 2005.
Original Test Certificate issued under Form L under the Electricity Rules, 1956 for the voltage of 33KV, along with a transformer and substation, under Rule 63 of Indian Electricity Rules 3160 and 800 KVA –33/433 transformers. The Company has further obtained a License from the Jaipur Vidyut Vitran Nigam Limited vide License No. 01–01–425.
The Company has received permission from the Office of the Senior Electrical Inspector to Government, Jaipur to energise two transformers vide Letter P.P.SEI. I/4211 dated May 27, 2005. The Company has further deposited Electrical Inspection Fee for the Year 2005-2006 with the Senior Electrical Inspector, Jaipur, Rajasthan on May 06, 2005.
11. The Company has obtained consent to operate under Section 25 of the Water (Prevention & Control of Pollution)

Act, 1974, vide License No. RPCB/RO/889 and under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, vide License No. RPCB/RO/886, from the State Pollution Control Board. The Company has been getting the said Licenses renewed from time to time and currently they are valid till May 31, 2008.

12. Letter of Rajasthan State Pollution Control Board dated May 17, 2004 with reference to Application for renewal of Consent to Operate dated May 13, 2004, granting Order of extension of consent under the provisions of Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981: The necessary renewals have been complied with from time to time. Last renewal sought on May 17, 2004 and it has been extended till May 31, 2008.
13. Grant of Consent to operate and discharge the Industrial/ Domestic effluent from the industry/ premises under section 25/ 26 of the Water (Prevention and Control of Pollution) Act, 1974 till May 31, 2008 (as mentioned above)
14. Letter of Rajasthan State Pollution Control Board dated May 17, 2004 with reference to application made on May 13, 2004 for granting letter extending the Consent to operate under Water/ Air (Prevention and Control Of Pollution) Acts – till May 31, 2008.
15. The Company has obtained a License from the BIS vide License No. 8177079, which is valid upto November 30, 2006.
16. The Company has ISO 9001 – 2000 certification vide License Number 39857, which is valid till July 1, 2008
17. The Company had a valid license obtained from the Licensing Officer, Contract Labour Act, Alwar (Rajasthan), vide Registration No. ALW/8/96 dated March 22, 1996 for employing contract labour under the provisions of the CLA, which expired on December 30, 2004. The Company has already applied to the Licensing Officer, Contract Labour Act, Alwar (Rajasthan) for the renewal of the said License vide letter dated February 22, 2005.
18. The Company is registered under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and has been regularly depositing the Provident Fund for its employees with the Regional Commissioner, Provident Funds, Alwar, Rajasthan, vide reference No. RJ/ 8963
19. The Company has obtained a valid License under the provisions of Employee State Insurance Act, 1948 vide License No. 15/13864/56.
20. Registered Trade Mark of “Kamdhenu” in respect of Steel Bars & Cement under clauses 6 and 19 of Trade Marks Act, 1999.

The Company has received all the necessary licences, permissions and approvals from the Central Government and other government agencies/ certification bodies required for the business and no further approvals are required by the Company for carrying on the present as well as proposed business and activities of the Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue and Details of the Resolution Passed for the Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on October 5, 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on September 10, 2005.

Prohibition by SEBI

The Company, its directors, Promoters, any of the Company's Associates or Group Companies, and Companies with which the directors of Issuer are associated, as directors or promoter, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. The listing of any securities of the Issuer has never been refused at anytime by any of the stock exchanges in India.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as explained under with eligibility criteria calculated in accordance with financial statements under Indian GAAP:

Our Company has net tangible assets of at least Rs. 300 lakhs in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines;

Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines;

Our Company has a net worth of at least Rs. 100 lakhs in each of the three preceding full years; and is compliant with Clause 2.2.1(c) of the SEBI Guidelines;

The proposed Issue size is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Clause 2.2.1(e) of the SEBI Guidelines;

The Company's unconsolidated net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Prospectus under the section "Financial Information" on page no 74 for the last five years ended FY 2005 and period ended 31st December, 2005 are set forth below:

(Rs. in lakhs)

	Dec 31, 2005	FY 05	FY 04	FY 03	FY 02	FY 01
Net Tangible Assets(1)	1887.07	1464.91	1034.90	791.17	593.09	619.29
Monetary Assets(2)	118.97	103.13	84.15	101.80	101.24	70.70
Net profits, as restated	189.45	171.19	114.51	22.69	26.93	25.61
Net worth, as restated	1133.41	772.06	619.85	375.53	358.88	342.32

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

(2) Monetary assets include cash on hand and bank. Detailed figures are given on page no. 76 of the Prospectus.

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENTS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE 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 LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENTS LIMITED, HAS FURNISHED

TO SEBI A DUE DILIGENCE CERTIFICATE DATED 14TH NOVEMBER, 2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

- 1 WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE**
- 2 ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY**

WE CONFIRM THAT:

- (a) THE OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- 3 WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS PROSPECTUS.

Caution

Kamdhenu, its directors and the Lead Manager accept no responsibility for statements made otherwise than in this prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information, including Company's web site, www.kamdhenuispat.com, would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and Kamdhenu Ispat Limited.

All information shall be made available by Kamdhenu, the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three); Hindu Undivided Families through the Karta of the Hindu Undivided Family; Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares; Indian Mutual Funds registered with SEBI; Indian Financial Institutions & Banks; Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any; State Industrial Development Corporations; Insurance Companies registered with Insurance Regulatory and Development Authority; Provident Funds with minimum corpus of Rs.2500 Lacs; Pension Funds with minimum corpus of Rs.2500 Lacs; Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company; Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from Reserve Bank of India; Permanent and Regular employees of the Company; Non-Resident Indians (NRIs) and Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis. This Prospectus

does not, however, constitute an Issue to sell or an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an Offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself 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 New Delhi only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of or at any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES BSE-DESIGNATED STOCK EXCHANGE

"Bombay Stock Exchange Limited ("The Exchange") has given vide its letter dated January 19, 2006 permission to this Company to use the Exchange's name in this offer documents as one of the Stock Exchange on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer documents; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the Financial or other soundness of this Company its promoters, its management or any scheme or project of this Company.

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any reason whatsoever."

NSE

As required, a copy of this Prospectus has been submitted to national stock exchange of India Limited (hereinafter referred to as NSE) NSE has given vide its letter Ref. No.NSE/LIST/20548-9 dated Feb 23, 2006 permission to the Issuer to use the Exchange's name in this offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e. the paid up capital shall not be less than 10 crores and market capitalization shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinized this offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything started or omitted to be stated herein or any other reason whatsoever.

Filing of Prospectus with the Board and the Registrar of Companies

A copy of this Prospectus has been filed with SEBI, Mumbai. A copy of the Prospectus, along with the material contracts and documents required to be filed under Section 60 of the Companies Act is being delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhavan, 'B' Block, II Floor, C.G.O. Complex, Lodhi Road, New Delhi – 110 003.

Listing

The Company proposes to list the existing Equity Shares on BSE and NSE. The listing applications have been made to these Stock Exchanges for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

In case, the permission for listing and or dealing & official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, 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.”

Consents

The written consents of Directors, Company Secretary, Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors, Tax Auditors, Bankers to the Issue and Bankers to the Company to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi as required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration

Expert Opinion

The Company has not obtained any expert opinions related to the present Issue, except the opinion of the Tax Auditors, S.Singhal & Co, Chartered Accountants on the tax benefits available to the investors

Public Issue Expenses

Public Issue expenses are estimated as follows

Particulars	Amount (Rs. In Lakhs)	% of Total Expense
Lead managers, Registrar fee and selling expenses	65.00	36.12%
Advertising and Marketing Expenses	50.00	27.78%
Printing and Stationery	25.00	13.88%
Others (Listing Fee, Fee to Legal Advisorser)	15.00	8.34%
Miscellaneous	25.00	13.88%
TOTAL	180.00	100.00%

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of the Company

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at the Registered Office of the Company

The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.

Brokerage and Selling Commission

Brokerage for the Issue will be paid not more than @ 1.5% of the Issue Price of the Equity Shares by Kamdhenu on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the ‘Broker’ column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers’/ Agents’ codes on the application form, the Company’s decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Previous Public or Rights Issues (during the last five years)

Kamdhenu has not made any public issue of shares since incorporation. There is no group company, which has made any public issues.

Previous Issue of Shares Otherwise than for Cash

Kamdhenu has not issued any Equity Shares for consideration other than cash except for the Issues of bonus shares, details of which are mentioned under sub-heading "Capital Structure".

Commission or Brokerage on Previous Issues

Kamdhenu has not issued any public issue since its inception.

Particulars in regard to Kamdhenu and other companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 which made any capital Issue during the last three years

Neither Kamdhenu, nor any other companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956, has made any Capital Issue during the last three years.

Promise vis-à-vis Performance

A. Last Three Issues made by Kamdhenu Ispat Limited

This is the first Public Issue of the Company. Therefore, no information is required to be given under this head.

B. Last issue of the Listed Ventures of promoters Group

There is no Listed venture of Promoter Group.

Stock Market Data for Equity Shares of Kamdhenu

The Company being a unlisted company the stock market data cannot be provided.

Mechanism Evolved for Redressal of Investor Grievances

The Company has appointed Mr. Arvind Gupta, Company Secretary of the Company, as Compliance Officer, who deals with various regulatory authorities with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI / Stock Exchanges and matters related to investor complaints. The Compliance Officer can be contacted at the Registered Office of the Company

Recently, the Company has appointed M/s. Karvy Computershare Private Limited who will act as Registrar to the Issue, and will also become Share Transfer Agent of the Company once the connectivity with NSDL & CDSL is activated. Registrar to the Issue will also handle the investors' grievances related to the Issue in co-ordination with Compliance Officer of the Company. All grievances relating to the Present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name of the applicant, address, number of Equity Shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the Registrar to ensure that the investors' grievances are settled expeditiously and satisfactorily.

As per the agreement entered with Registrar to the Issue, the following investors' grievances would be handled by it upto 12 months after the Issue:

The Registrar to the Issue will handle investors' grievance pertaining to this Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrar to the Issue in attending to the grievances of the investors.

Changes in Auditors during the Last Three Years and Reasons thereof

There has been no change in auditors of the Company during the last 3 years.

Capitalisation of Reserves or Profits (during last five years)

During September 2004, the Company has made a Bonus Issue of Equity Shares in the ratio of two Equity Share for every five Equity Shares held as on the record date. This bonus Issue was made through capitalization of reserve account. The allotment of these Equity Shares was made on 29.09.04.

Revaluation of Assets, if any (during last five years)

None of the assets of the Company have been revalued during last five years.

ISSUE INFORMATION

Terms of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Prospectus, Application Forms, the Revision Form, and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, 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 Memorandum and Articles of the Company and shall rank *pari passu* with the existing Equity Shares of the Company. Allottees of the Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders at 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

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is 2.5 times of the Face Value.

Rights of the Equity Shareholders

- i. Right to receive dividend, if declared.
 - ii. Right to attend general meetings and exercise voting rights, unless prohibited by law.
 - iii. Right to vote on a poll either personally or by proxy.
 - iv. Right to receive offer for rights shares and be allotted bonus shares, if announced;
 - v. Right to receive surplus on liquidation.
 - vi. Right of free transferability; and
- . Such other rights, as may be available to a shareholder of a Public Ltd. Company under the Companies Act, 1956.

Market Lot

As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share. Allotment of Equity Shares will be done in multiples of one Equity Share.

Nomination Facility to Investor

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the Case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Share Transfer Agent of the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the 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.

Minimum Subscription

"If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

Arrangements for Disposal of Odd Lots

No odd lot of Equity Shares will arise out of this Issue, as the tradable lot is One (1) Equity Share.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of Kamdhenu" of this Prospectus.

2. Issue Procedure

Authority for the Present Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the EGM of the Company held on October 5, 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on September 10, 2005

Principal Terms and Conditions of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Prospectus, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Application may be made by

- a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)
- b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- d) Indian Mutual Funds registered with SEBI
- e) Indian Financial Institutions & Banks
- f) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
- g) State Industrial Development Corporations
- h) Insurance Companies registered with Insurance Regulatory and Development Authority
- i) Provident Funds with minimum corpus of Rs.2500 Lacs
- j) Pension Funds with minimum corpus of Rs.2500 Lacs
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company
- l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- m) Permanent and Regular employees of the Company
- n) Non-Resident Indians (NRI's) on repatriation/non-repatriation basis
- o) Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis

Applications not to be made by:

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)

Applications by Hindu Undivided Families (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications

Minimum and Maximum Application Size

Applications should be for minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of Equity Shares, which exceeds the reservation.

Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form
FIIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the registered office of the Company

Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

Instructions for Applications by NRIs/FIIIs (on Repatriable Basis):

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIIs with repatriation benefits.
2. However, the allotment / transfer of the Equity Shares to NRIs/FIIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws
3. In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account

In case of application by FIIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.

- . Duly filled Application Forms by NRIs / FIIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai only.
- . Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts,

such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.

Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Instructions for Applications by Indian Mutual Funds & Indian and Multilateral Development Financial Institutions:

A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Indian Mutual Funds & Indian and Multilateral Development Financial Institutions should apply in this Public Issue based upon their own investment limits and approvals.

Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs. 25 per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue at places mentioned in the application form.

A separate single cheque / bank draft must accompany each application form

Terms of Payment

The entire Issue price of Rs. 25 per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

General Instructions for Applicants

1. Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours:

Category	Colour of Application Form
Net Offer to Public including Mutual Fund, NRIs / FIIs on non-repatriation basis	White
NRIs/ FIIs on repatriation basis	Pink

2. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
3. Bank Account Details of Applicant
The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.
4. Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

Payment Instructions

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon
2. Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
2. A separate cheque / bank draft must accompany each application form
4. All cheques / bank drafts accompanying the application should be crossed "**A/c Payee Only**" and made payable to the Bankers to the Issue and marked:

Category	Cheques/ Bank drafts favouring
Public including Institutions,NRI/FIIs on non-repatriation basis	Name of the Bank-A/c Kamdhenu Public Issue
NRIs/ FIIs on repatriation basis	Name of the Bank-A/c Kamdhenu Public Issue-NR

5. Investors will not have facility of applying through stockinvest instruments as RBI has withdrawn the stockinvest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, Karvy Computershare Private Limited superscribing the envelope "Kamdhenu Ispat Limited – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Hyderabad only.

The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

Other Instructions

1. Joint Applications in case of Individuals

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form

2. Multiple Applications

An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/draft must accompany each application form.

3. PAN / GIR Number

Where an application is for a total value of Rs. 50,000/- or more, the applicant or in case of applications in joint names, each of the applicants should mention his/ her/ their Permanent Account Number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

4. Equity Shares in Demat Form with NSDL or CDSL

The Company has appointed M/s.Karvy Computershare Private Limited who will act as Registrar to the Issue, and will also become Share Transfer Agent of the Company once the connectivity with NSDL & CDSL is activated. To facilitate the connectivity with NSDL & CDSL through Registrar, the Company has entered into tripartite agreements with both the Depositories and the Registrar to the Issue for dematerialisation of shares.

- The applicant seeking allotment of shares in the electronic form must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.)
- An applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
- Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository

Non-transferable allotment letters/refund orders will be directly sent to the applicant by the Registrar to this Issue.

- Incomplete/incorrect details in the application form shall be treated as an invalid application and shall be liable to be rejected.
- The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/her DP.
- It may be noted that the electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- One time cost of dematerialisation of shares would be borne by the Company. The one time cost refers to the demat charges for the shares opted for in this Issue by an investor in electronic form. Subsequent charges for dematerialisation of physical shares held by the investors would have to be borne by the investor.

5. Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post- Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

Disposal of Applications and Application Money

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded. Refund will be made by cheques or demand drafts drawn in favour of the sole/first applicant (including the details of his/her savings/current account number and the name of the bank with whom the account is held) to the Issue and will be despatched by Registered Post/ Speed Post for amounts above Rs.1,500 and by Certificate of Posting otherwise. Such refund orders will be payable at par at all the collection centres.

The subscription received in respect of Public Issue will be kept in a separate bank account and the Company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed and approval of the Designated Stock Exchange for utilisation has been obtained.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of despatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, 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.”

Interest on Excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

Basis of Allotment

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines

Issue of Certificates

In terms of Sec 68B of the Companies Act, 1956, the Company will not issue any share certificates instead, the Company shall give credit to the beneficiary account with Depository participant within 2 working days of finalisation of allotment of shares.

Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer.

Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

- a) A minimum 50% of the net offer of Equity Shares to the public shall initially be made available for allotment to retail individual investors, as the case may be.
- b) The balance net offer of Equity Shares to the public shall be made available for allotment to:
 - i) individual applicants other than retail individual investors, and;
 - ii) other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (designated stock exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue.

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, the Applicants bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference I. ECS - Payment of refund would be mandatorily done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Letters of Allotment or Refund Orders

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Company Shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first applicant's sole risk. The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date
- Dispatch of refund orders will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

Despatch of Refund Orders

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- and Share Certificates by Registered Post only. Further, adequate funds for the said purpose shall be made available to the Registrar by the Company.

Interest in Case of Delay in Dispatch of Allotment Letters / Refund Orders

The Company agrees that as far as possible allotment of Equity Shares offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 30 days from the date of the closure of the Issue.

Undertaking by the Company:

The Company undertakes:

- i. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- ii. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within seven working days of finalisation of basis of allotment.
- iii. that the funds required for despatch of refund orders/ allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by the Company.

- iv. that the promoter's contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- v. that the certificates of the Equity Shares / refund orders to the non-resident Indians shall be despatched within specified time.
- vi. that no further Issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

- a. 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;
- b. details of all monies utilized out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the Issue of Equity Shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company further certifies that:

- i. the utilisation of monies received under promoter's contribution and reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised.
- ii. the details of all unutilised monies out of the funds received under promoter's contribution and reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

CAPITAL

4. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores) is divided into 3,00,00,000 (Three Crores) equity shares of Rs.10/- (Rupees Ten) each. The Company shall have power to increase, reduce, sub divide or to attach there to and rights to consolidate or subdivide the shares and to vary such rights as may be determined in accordance with the regulations of the Company.

Preference Shares

5. Without prejudice to the generality of the powers of the Company contained in Article (4) above the Company shall have power to issue Preference Shares carrying a right of redemption out of profits or out of the proceeds of a fresh issue of shares of or liable to be redeemed at the option of the Company and the Directors may subject to the provisions of Section 80 of the Act, exercise such power in any manner they may think fit.

Allotment of shares

6. Subject to the provisions of these Articles and Section 81 of the Act 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. Provided that, where at any time (after the expiry of two years from the formation of the Company or at any time after expiry of two years from the formation of the Company or at any time after expiry of one year from the allotment of shares is earlier it is proposed to increase the subscribed capital of the Company by the allotment of further shares subject to the provisions of Section 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act. Provided that option or right to call of share shall not be given to any person except with the sanction of the Company in general Meeting.

Provision relating to the Issue

7. Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital all new shares, before issue shall be offered to such persons as at the date of offer are entitled to receive notices from the Company of general meeting in proportions, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined and after the expiration of that time or on receipt of an intimation from the persons to whom the offer is made that the decline to accept the shares offered them in that event the directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of new shares which (by reason of ratio which the new shares bear to shares held by person entitled to an offer of new shares) cannot in the opinion of the Directors, be conveniently offered under these Articles.

How far new shares to rank with existing shares

8. The new shares will be subject to the same provisions with reference to the payment of calls, Dividends, lien, transfer, transmissions, forfeiture, appropriation and otherwise as the shares in the original share capital.

POWER TO SUBDIVIDE AND CONSOLIDATE SHARES

9. The Company by ordinary resolution may :

- (a) Consolidate and divide all or any of its shares capital in to shares of larger amount than its existing shares.
- (b) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, Subject nevertheless to the provisions in Section 94(1)(d) of the Act.
- (c) Cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Reductions of capital

10. The Company may by special resolution reduce its share capital in any manner and with and subject to any incident and consent required by the Act.

POWER TO MODIFY RIGHT

11. (i) If at any time share capital is divided into different classes of shares, all or any of the rights, privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may subject to the provisions of section 106 and 107 of the Act and whether or not the Company is being wound up be varied, modified, commuted, effected or abrogated with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class.

(ii) To every such separate meeting the provisions of these Articles relating to general meeting shall mutatis mutandis apply, so that the necessary quorum shall be five persons at least holding or representing by proxy one-third of the issued shares of the class in question.

(iii) This Article is not to derogate from any power which the company would have, if this Article were omitted. The rights conferred upon the holders of the shares (including preference, if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of issue of shares of that class to be deemed not to be modified, commuted effected abrogated dealt with or varied by the creation or issue of further shares pari passu there with.

Right of holder of issued share when deemed to be varied

12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

SHARES

Inequality in number of new shares

15. If, owing to any inequality in the number of new shares to be issued and the number of shares held by the member 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.

Member right to Certificate

16. (i) Every person whose name is entered as a member in the register of members shall be delivered within three months after allotment or within 2 months of the registration of transfer the certificate of all shares, debenture or debenture stock or within such other period as the conditions of issue of the shares, debenture or debenture stock shall otherwise provide :

- (a) One certificate for all his shares without payment or
- (b) Several certificates each for one or more of his shares upon payment of one rupee for every certificate after the first.
- (ii) Every Certificate shall be under the seal and shall specify the shares to which it related and the amount paid up thereon.
- (iii) In respect of any share held jointly by several persons the Company shall be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Provisions regarding issue of new or renewal of share certificates

17. (1) If a share certificate is defaced, lost or destroyed it may be renewed on payment of such fee if any not exceeding Rs.2/- (Rupees Two) and one such terms if any as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigation evidence as the Directors thinks fit. The share certificate shall be issued subject to the provisions of Companies (Issue of Share Certificates) Rules, 1960. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, faced, lost or destroyed and for sub-division and consolidation of share certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.

DEMATERIALISATION OF SECURITIES

17. (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares and other securities; rematerialise its shares and other securities held with Depositories and/or offer its fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder and on the same being done, the Company shall further be entitled to maintain a register of members with the details of Members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of existing share or any future issue and transfer or transmission of any shares or other securities held in material or dematerialised form.

17. (3) The shares and other securities of the Company which are held in the dematerialised form shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the shares or other securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form and no Share Certificates shall be issued in respect of the Shares issued/held in rematerialised form with any Depository.

17. (4) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the Shares/Securities in the records of the Depository as the absolute owner thereof as regards the receipt of Dividends or bonus or Service or Notice and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by Court of Competent jurisdiction or as by law required) be bound to recognise any banami trust or equity or equitable, contingent or other claims to or interest in such shares/securities on the part of any other person whether or not it shall have express or implied notice thereof.

17. (5) In the case of Transfer or Transmission of Securities held by beneficial owners with the Depository the provisions relating to the normal transfer or transmission of securities in respect of the securities held in the physical mode shall not apply to the transfer of Securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Depository. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities are being held in an electronic and fungible form with a Depository, the provision of the Depository Act, 1996 shall apply.

FORFEITURE & LIEN

Forfeiture of shares

18.(A) (i) If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment remain 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.

(ii) The notice shall name a day not being less than 21 days from the date of the notice and a place or places on and 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 or places appointed the share in respect of which such call was made or installment is payable will be liable to be forfeited.

(iii) If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at anytime thereafter before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the company in respect of his shares, either by way of principal or interest. Nor any indulgence granted by the company in respect of the payment of any such money shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

(v) Any share so forfeited shall be deemed to be property of the Company and the Directors may sell, re-allot otherwise dispose of the same in such manner as they think fit.

(vii) Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereupon from the time of the forfeiture until payment at 12 percent per annum or such other rate as the Director may determine and Directors may enforce the payment 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.

Company's lien on shares

- 18.(B) (i) The Company shall have a first and paramount lien :
- (a) One every share not being fully paid up share for all moneys whether presently payable or not, called or payable at a fixed time in respect of that share and
 - (b) On all shares standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The Companies lien, if any on a share shall extend to all dividends payable thereon, subject to Sec. 205 A of the Act.

CALLS ON SHARES

22. (i) The Board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall be payable not less than one month before from the date fixed for the payment of the last proceeding call.
- (ii) Each member shall subject to receiving at least fourteen days notice specifying the time or times and place of payment pay to the company at the time of times so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.

Payment of call in advance

27. The Board :
- (i) may, if it think fit receive from any member willing to advance the same, all or any part of moneys uncalled and unpaid upon any share held by him.
 - (ii) upon all or any of the moneys so advanced may (until the same would but for such advance become presently payable) pay interest at such advance become presently) pay interest at such rate not exceeding unless the company in general meeting shall otherwise direct six percent per annum as may be agreed upon between the Board and the member paying the sum in advance, "Money paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company".

Default in payment of calls

28. No member shall be entitled to receive any dividend or exercise any dividend or exercise any privileges as a member until he shall paid all calls for the time being due and payable on every share held by him whether alone or jointly with any other person, together with interest and expenses (if any and the Board may deduct from the dividend/ interest payable to any member all sums of money so due from him to the company.

TRANSFER AND TRANSMISSION OF SHARE

30. Shares in the Company shall be transferred by an instrument in the form prescribed by the Act.

Execution of transfer

32. Every such instrument of transfer shall be duly stamped and shall be signed by or on behalf on both the transferor and transferee and the transferor shall remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. The name, address and occupation, if any of the transferee shall be specified in the instrument of transfer. All joint transferrers and joint transferees shall sign the instrument of transfer.

Application for registration

33. An application for registration of a transfer of shares may be made either by the transferor or by the transferee, where the application is made by the transferor and relates to partly paid shares the transfer and within two weeks from the receipt of the notice the transferee has not objected to the transfer. For the purpose of this Article notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have delivered in the ordinary course of post.

Board's power to refuse registration

35. (a) Notwithstanding anything contained in these Articles and subject to section 111(8) of the Act, the Directors may in their absolute and uncontrolled discretion decline to register or acknowledge any transfer of shares and the right of refusal shall not be affected by the circumstance that the proposed transferee is already a member of company. In particular and without prejudice to the generally of the above powers the Directors may also refuse to register the transfer of any shares upon which the Company has a lien or when the Directors are of opinion that it is not desirable to admit the proposed transferee to membership. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, in debited to the company on any account whatsoever except where calls are payable in respect of such shares.

(c) If the Company refuses, whether in pursuance of any power under these Articles or otherwise to register, to register any such transfer or transmission or right, it shall within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to the Company send notice of the refusal to the transferee and the transferor or to person giving intimation of such transmission as the case may be.

Transmission of shares

38. Any person become entitled to shares in consequence of the death or insolvency of any lawful means otherwise than by transfer in accordance with these presents, upon producing such evidence of his title as the Directors think sufficient, may, with the consent of Directors (which they shall not be under any obligation to give) be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained transfer such shares. This Article is hereinafter referred to as "the Transmission Article".

40. Every transmission of a share shall be varied in such manner as the Directors may require and the company may refuse to register any transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration, which the Directors at their discretion shall consider sufficient, Provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity. The Directors shall have the same right to refuse to register a person as member entitled any transmission to any shares or his nominees as if he was the transferee named in an ordinary transfer presented for registration.

Closure of register

42. The transfer Book and the Register of member may be closed upon given such notice as is required by section 154 of the Act during such time as the Director think fit not exceeding in the aggregate forty five days in each year but not exceeding thirty days at any one time.

GENERAL MEETING

43. All general meeting other than Annual General Meeting shall be called extra-ordinary General Meetings.

44. (i) The Board may whenever it thinks fit, call an extraordinary general meeting.

(ii) If at anytime there are not within India Directors capable of acting who are sufficient in number to form a quorum any Director or the members holding 1/10th of the paid up share capital of the Company may call an extraordinary general meeting in the same manner as nearly as possible, as that in which such a meeting may be called by the Board.

45. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Subject to the provisions of the Act and save as herein otherwise provided any five members present in person shall be a quorum.

(iii) 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 cast it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present within half-an-hour from the time appointed for holding the meeting those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

46. The Chairman of the Board of Directors, if any, shall be entitled to take the chair at every General Meeting or 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 such meeting or if he is unwilling to act, the members present shall choose another Director as Chairman and if the Director as Chairman and if the Director present or if all the Directors present decline to take the chair, then the members present shall choose one of their members to be Chairman.

48. Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

49. Subject to any rights or restrictions for the time being attached to any class or classes of shares :-
(a) On a show of hands, every members present in person shall have one vote and
(b) On a poll the voting right of members shall be one vote for each share held by be them.

52. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

54. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is a signed or a notarially certified copy of the power or authority shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

DIRECTORS

56. (a) The number of Directors of the Company shall not be less than 3 and more than 12 including the special Director, if any and the Debenture Director, if any and the Corporation Director, if any. The Company may increase the number of Directors subject to provisions of law.

(b) Unless otherwise determined by the Company in General Meeting a Director shall not be required to have a share qualification, but nevertheless shall be entitled to attend and speak at any General Meeting of the Company and any separate meeting of the holders of any class of shares in the company.

58. Any Director or other person referred to in Section 314 of the Act may be appointed to hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

59. (a) Subject to the Provisions of Section 255 of the Act and provisions of Articles, the Board shall have power to declare such of the Directors for the time being as not liable to retire by rotation with power to revoke such declaration and upon revocation of such declaration such Director shall become liable to retire by rotation and shall be reckoned for determining the Directors to retire by rotation as provided by Section 256 of the Act and Article 58.

(b) The Board shall exercise its power of declaration and revocation aforesaid in a manner that the number of Directors not liable to retire by rotation (including the special Directors who may be appointed under Article 56 and the Managing Director if any shall not exceed one third of the total number of Directors for time being.

60. The remaining Directors liable to retire by rotation may be appoint by the Company in General Meeting.

ROTATION OF DIRECTORS

61. (1) At every Annual General Meeting one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.

(2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves be determined by lot.

(3) At the Annual General Meeting at which a Director retired as aforesaid the Company may fill up the vacancy by the appointing the retiring Director or some other person thereto.

62. (i) 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 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.

MANAGEMENT

63. The Board of Director may in accordance with the provisions of the act, appoint a whole-time Director or President or Executive Director or Manager to manage its affairs. A Director may be appointed as a secretary or Manager. The terms and conditions and the appointment of paid Directors shall be subject to the provisions of the Companies Act, 1956 and to the consent of the General Meeting of the Company whenever required.

MANAGING DIRECTOR

64. (a) Subject to the provisions of section 197A, 198, 268, 316 and 317 and other applicable provisions of the Companies Act, 1956 the Board may, from time to time appoint one or more of the Directors to be the Managing Director or Managing Directors of the Company on such terms and at such remuneration by way of salary or commission or participation in profits or partly in one and party in another as they may think fit, either for a fixed term not exceeding five years at a time as to the period for which he is to hold such office and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place.

(b) Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation but he shall not be reckoned as Director for the purpose of determining the number of Directors retiring by rotation and fixing the number of Directors retire but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as resignation and removal as the other Directors are and he shall ipsofacto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause save that if he shall retire by rotation under the provisions of Section 255 of the Act at any Annual General Meeting and shall be reappointed a Director at the same meeting he shall not, by reason only of such retirement, cease to be a Managing Director. Further if at any time retirement, cease to be a Managing Director is more than one third of total number of Directors, the Managing Director who shall not retire shall be determined by and in accordance with their respective seniorities.

65. Subject to the provisions of the section 268, 269, 309, 310 and 311 of the Companies Act, 1956 and requisite permission/approval of Central Govt. and share holder the remuneration and other terms and conditions of Managing Director shall be that which is determined by the Board of Directors from time to time. The remuneration of a Managing Director may be by way of monthly payment and/or for each meeting and/or by way of participation in profits or by any or all these modes.

67. The Managing Director shall exercise the Power :

- (i) To make calls on share holders in respect of moneys unpaid on the Shares in the Company.
- (ii) Issue debentures, and
- (iii) Except as may be delegated by the Board under Section 292 and 293 of the Act invest the funds of the Company or make loans or borrow moneys.

DIRECTOR'S FEES AND REMUNERATION

68. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment be deemed to accrue from day to day.

(ii) In addition to the remuneration payable to than in pursuance of the Act, the directors shall be paid Rs.250/- (Rupees Two Hundred Fifty) each for every meeting of the Board attended by them and may be paid all the travelling, hotel and other expenses properly incurred by them.

(a) In attending and returning from meeting of the Board of Directors or any Committee thereof or general meeting of the Company or.

(b) In connection with the business of the Company.

69. The Director shall not be required to hold any qualification shares.

POWER AND DUTIES OF DIRECTORS

72. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act, or by the Memorandum and Articles of Association of the Company, required to be exercised by the Company in General Meeting, Subject nevertheless to these Articles or to the provisions of the Act or any other Act and to such regulations or provisions as may be prescribed 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. PROVIDED that the Board shall not except with the consent of the Company in General Meeting :-

- (a) (i) Sell lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking.
- (ii) Remit or give time for the repayment of any debt due by a Director.
- (iii) Invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.
- (iv) Borrow moneys where the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purposes.
- (v) Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed Rs.50,000 (Fifty Thousand) Rupees or 5% (Five percent) average net profits as determined in accordance with the provisions of Sections 349 and 350 during the three financial years immediately proceeding which ever is greater.
- (b) The Directors shall have the power to enter into joint venture/partnership Trust or such other arrangement with any other party person or Government or foreign or Indian Companies collaborators as they may deem fit in the course of carrying of Company's business.

Certain powers of board

73. Without prejudice to the general power conferred by this article and so as not/in any way to limit or restrict those power and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last proceeding Article, it is hereby declared that the Directors shall have the following powers that is to say power :-

- (1) To pay out of and charge to the capital account of the company any commission or interest lawfully payable there out or chargeable there to under the provisions of Section 76 and 208 of the Act.
- (2) Subject to Sections 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, all or for such price or consideration and on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonable and satisfactory.
- (3) At their discretion, and subject to the provisions of the Act, to pay for any property rights or privileges acquired by or services rendered to the Company either wholly or partially in case or in share, bonds, debentures, mortgages or other securities of the Company and such shares may be issued either fully paid-up thereon as may agreed upon and any such bonds debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (4) To secure the fulfillment of any contract or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its capital for the time being or in such manner as they may think fit.
- (5) To accept from any member as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (6) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.

- (7) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demand by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.
- (8) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (9) To accept deposits from Members and the public and to make and give receipts release and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (10) Subject to the provisions of Section 292, 293, 370 and 372 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they think fit and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (11) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or survey, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgages may contain a power of sale and such other powers, provision, convenients and agreements as shall be agreed upon.
- (12) To determine from time to time, who shall be entitled to sign, on the Company's behalf bills notes, receipts, acceptances, endorsements, cheques dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (13) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
- (14) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, windows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grant of money, pension, gratuities, allowances, other payments or by creating and from time to time subscribing or contributing to provident and other funds, associations, institutions places of instruction and recreation, hospital and dispensaries medical and other attendance and other assistance as the Board shall think fit and to subscribe or contribute or otherwise to assist or to guarantee money for charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.
- (15) Before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to a Depreciation Fund or any Special Fund to meet contingencies or to repay debentures or debenture stock or for special dividends or for equalising dividend or for repairing improving, extending and maintaining any of property of the Company and for such other purposes (including the purposes referred to in the proceeding clause), as the Board may in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matter to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a reserve Fund to another Reserve Fund with full power to employ the assets constituting all or any of the above funds including the Depreciation Fund, in the business or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit or such funds interest at such rate as the Board may think proper.
- (16) To appoint and at their discretion remove or suspend such senior executives (including whole time directors), secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emolument or remunerations and to require security in such instance and to such amounts as they may think fit. And also from time to time to provide for the transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provision contained in the next sub-clauses shall be without prejudice to the general powers conferred by this subclause.
- (17) At any time and from time to time by Power of Attorney under the Seal of the Company to appoint any person or persons to be the Attorney or Attorneys of the company, for such purposes and with such powers authorities and discretions (not exceeding those vested in or exercisable by the Board under these present and excluding the power to make calls and excluding also, except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit

and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any company or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board by the Board and any such power of attorney may contain such power for the protection or convenience of person dealing with such attorneys as the Board may think fit.

- (18) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters, aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (19) To make, vary and repeal bye for the regulation of the business of the Company, its officers and servants.
- (20) To pay the costs, charges and expenses/preliminary and incidental to the promotion formation establishment and regulation of the Company and to the issue of further capital.
- (21) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper, all or any of the buildings plant machinery vessels vehicles goods states produce and all other movable and immovable property of the Company either separately or conjointly and to assign surrender or discontinuous any policies of insurance affected in pursuance of this power.
- (22) To open accounts with any bank or bankers or with any company, firm or individual and to pay money into and draw money from or otherwise operate any such account from time to time as they may think fit.
- (23) To attach to any shares to be issued as the consideration or part consideration for any contract or property acquired by the Company or in payment for services rendered to the Company such conditions as to the transfer thereof as they think fit.
- (24) To delegate all or any of the powers, authorities, discretions for the time being vested in the Directors to any employees of the Company or to any other persons firm or body corporate or otherwise to any fluctuating body of persons.

POWER OF BOARD TO APPOINT DIRECTOR

77. (a) Subject to the provisions of section 255 and 260 of the Act and Article 54 the Board shall have a right to appoint Additional Directors PROVIDED THAT the maximum strength fixed for the Board by the Articles is not exceeding.

(b) The Additional Directors shall hold office only upto the date of the Annual General Meeting of the Company held next after his appointment and shall be eligible for re-appointment by the Company as Directors at the meeting subject the provisions of the Act and the Articles.

79. Subject to the provisions of Section 262 and 264 of the Act the Board shall have power, at any time and from time to time appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

ALTERNATE DIRECTOR

80. (a) Subject to Section 313 of the Act, in the event of any Director hereinafter called the original Director is to remain absent for a period of not less than 3 months from the State in which meetings of the Board are ordinary held then the Board may appoint an Alternate Director to act in his absence.

(b) An alternate Director appointed under Clause (a) above shall not hold office as such for a period longer than permissible, to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the State in which meeting of the Board are ordinarily held.

(c) If the terms of office of the original Director is determined before he so returns to the State as aforesaid then in that event alternate Director appointed in place of the Original Director shall also cease to be Director.

DISCLOSURE OF DIRECTOR'S INTEREST

82. Every Director who is in any way whether directly or indirectly, concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company not being a contract or arrangement entered into or to be entered into between the Company and any other Company where any of the Directors of the

Company or two or more of them together holder or hold not more than two percent of the paid up share capital in the other Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the company, that a Director is a Director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board, that the Director concerned takes responsible steps to secure that it is brought up and read at the first meeting of the Board after it is given. Every Director shall be bound to give and from time to time renew a general notice as aforesaid in respect of all bodies corporate of which he is a Director or member and of all firms of which he is a member.

Discussion and voting by a director interested

83. 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. This prohibition shall not apply to :

(a) Any contract of indemnity against any loss which the Director or any of them may suffer by reason of becoming or being sureties or surety for the Company; or

(b) Any contract or arrangement entered into or to be entered into by the Company with a public company or with a private Company which is subsidiary of a public company in which the interest of the Director consists solely in his being a Director of such company and the holder of shares not exceeding a number of value as is requisite to qualify him for appointment as a Director thereof he having been nominated as such Director by the Company or in his being a member of the company holding not more than two percent of the paid up share capital of the Company.

PROCEEDINGS OF THE BOARD OF DIRECTOR MEETING

Meeting of directors

85. The Directors may meet together as a Board for the discussion of business from time to time and shall so meet at least once in every three calendar months and at least four such meetings shall be held in every calendar year. The Director may adjourn and otherwise regulate their meeting as they think fit.

Notice of director's meeting

86. (a) Unless otherwise agreed to by the Directors appointed by promoters, Government (Central or state), any company authority or any other person or their alternates written notice of every meeting of the Board shall be received at least two days in advance thereof by every Director.

(b) Every notice convening a meeting of the Board of Directors shall set out the agenda business to be transacted there-at in full and sufficient detail and no item of business shall be transacted at such meeting unless the same has been stated in full and sufficient detail in the said notice convening the meeting. PROVIDED that with the unanimous consent of all the directors present any item of business not included in the agenda can be transacted at the meeting.

Quorum at Board meeting

87. Subject to section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors whichever is higher PROVIDED that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.

89. A Director may at any time and secretary upon the request of a Director shall convene a meeting of the Board by giving a notice in writing to every Director as provided in Article 77.

Chairman

90. The Board shall appoint as chairman of its meeting one of the Directors and shall determine the period for which he is to hold office.

92. Questions arising at meeting of the Board of Directors shall be decided by a majority vote of the Directors present and entitled to vote there at.

Committee of Board

94. Subject to the restrictions contained in Section 299 of the Act, the Board may delegate any of their powers to Committee of the Board and the Board may from time to time, revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purpose, but every Committee of the Board so formed shall on exercise of powers so delegated conform to any regulations that may from, time to time be, imposed on it by the Board all acts done by any such Committee of the Board in conformity with such regulations and in fulfillments of the purpose of their appointment but not or otherwise, shall have the like force and effect as if done by the Board.

Resolution by circulation

98. No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any to all the Directors, (including alternate Directors) or to all the members of the Committee of the Board as the case may be than in India (not being less in number then the quorum fixed for a meeting of the Board or committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India and has been approved by a majority of them as are then in India and entitled to vote on the resolution.

99. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or these Articles, be as valied as if every such person had been duly appointed and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; PROVIDED that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have determined.

DIVIDENDS AND RESERVES

108. The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board and the company in general meeting declare smaller dividend.

(a) Subject to the provisions of Section 205 of the Act, no dividend shall be declared and paid for any financial year except out of the profit of the Company or out of the moneys provided by the Central Government or State Government for payment of dividend in pursuance of any guarantee given by such Government and no dividends shall carry interest as against the company.

(b) Nothing contained in these Articles shall be deemed to effect in any manner the operation of Section 208 of the Act.

109. The Board may, from time to time, pay to the members such interim dividends as appears to it to be justified by the profits of the Company.

110. (i) The Board may before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or receives which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied including a provision for meeting contingencies or for equalising dividends and pending such application may at the like discretion, either be employed in the business of the Company or be invested in such investment (other than shares of the Company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.

(iii) The unpaid or unclaimed dividend shall be dealt with in accordance with Section 205(A) of the Act and Rules made thereunder.

111. (i) All dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but it and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(ii) All dividends shall be appointed and paid proportionately to the amounts paid or credited as on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on

terms provided that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.
112. Subject to section 205A of the Act, the Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

ACCOUNTS

118. (a) The Company shall keep and maintain such books of accounts and other records as may be required in respect of its (Company's) business, affairs and operation showing all such particulars as may be specified it.

(b) The Board shall, from time to time, determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of the Company or any of them shall be made available for inspection of members not being Directors.

(c) No member (not being a Director) shall have any right of inspecting any account of books or documents of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

CAPITALISATION OF PROFITS

119. (i) The Company in general meeting may, upon the recommendation of the Board resolved :-

(a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and

(b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed way of dividend and the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be used, either in or towards :-

(a) paying up any amounts of the time being unpaid on any shares held by such members respectively;

(b) paying up in full, in issued shares or debentures of company to be allotted and distributed credited as fully paid up to and amongst such member in the proportion aforesaid or;

(c) partly in the way as specified in sub-clause (i) and partly in that specified in sub-clause (ii)

(d) A share premium account and a capital reduction reserve fund may, for the purpose of this regulation only be applied in the paying up of unissued to members of the Company as fully paid bonus shares.

(iii) The Board shall give effect to the resolution passed by the Company in pursuance of this resolution.

120. Whenever such a resolution as aforesaid shall have been passed the Board shall;

(a) make all appropriation and applications of the undivided profits resolved to be capitalised thereby and all allotments and issue of fully paid shares or debentures, if any and

(b) do all acts and things required to give effect thereto.

AUDIT

121. Once at least in every year the books of accounts of the Company shall be examined by one or more Auditor or Auditors.

123. The Company at each annual general meeting shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and their appointed, remuneration, rights and duties shall be regulated by Section 224 to 227 of the Act.

WINDING UP

133. (i) If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind, the whole or any part of the assets of the Company whether they shall consider of property of the same kind or not.

(ii) For the purpose aforesaid, the Liquidator may set aside value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the member of different classes of members.

(iii) The liquidator, may with the like sanction vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributors as he think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by Kamdhenu Ispat Limited which are or may be deemed material contracts have been attached to the copy of this Prospectus delivered to the Registrar of Companies, NCT of Delhi & Haryana, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Kamdhenu Ispat Limited at 5/2, Punjabi Bagh, New Delhi-110026 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Prospectus to until the date of closing of the issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated 26th October, 2005 with Chartered Capital & Investments Limited, appointing them as Lead Manager to the issue.
2. Memorandum of Understanding dated 27th October, 2005 signed with Karvy Computershare Private Limited, appointing them as Registrar to the issue.
3. Tripartite Agreement dated 14th February, 2006 between the Company, Karvy Computer Share Pvt. Ltd. and NSDL.
4. Tripartite Agreement dated 03.03.2006 between the Company, Karvy Computer Share Pvt. Ltd. and CDSL.
5. Letter of appointment dated 1st April, 2005 from company to Luthra & Luthra as Legal Advisors to the Issue.

PURCHASE AGREEMENT

6. Agreement dated 16-09-2005 between the Company and M/s Aar Kay Industries (P) Ltd. for manufacture and supply of goods under Kamdhenu Brand.
7. Agreement dated 16-09-2005 between the Company and M/s Nalagargh Steel Rolling Mills (P) Ltd. for manufacture and supply of goods under Kamdhenu Brand.
8. Agreement dated 16-09-2005 between the Company and M/s Radhey Radhey Ispat (P) Ltd. for manufacture and supply of under Kamdhenu Brand.
9. Agreement dated 16-09-2005 between the Company and M/s Jhelum Industries (P) Ltd. for manufacture and supply of under Kamdhenu Brand.
10. Agreement dated 16-09-2005 between the Company and M/s Kali Metals (P) Ltd. for manufacture and supply of under Kamdhenu Brand.
11. Agreement dated 16-09-2005 between the Company and M/s Raghuveer Metal Industries Ltd. for manufacture and supply of under Kamdhenu Brand.

MOU FOR STOCK YARD

12. MOU dated 16-09-2005 between the Company and Kamdhenu Industries Limited in respect of the property situated at Ajmer for being used as stockyard by the Company.
13. MOU dated 16-09-2005 between the Company and Kali Metals Pvt. Ltd. in respect of the property situated at Hosour, Dist. Krishnagiri, Tamil Nadu for being used as stockyard by the Company.
14. MOU dated 16-09-2005 between the Company and Radhey Radhey Ispat (P) Ltd. in respect of the property situated at Malwa, Dist. Fathepur for being used as stockyard by the Company.
15. MOU dated 16-09-2005 between the Company and Mr. Anand Mittal. in respect of the property situated at village Kukarmazera, Mandi, Gobindgarh, for being used as stockyard by the Company.
16. Agreement dated 7th October, 2005 between company and Shri Jai Bahgwan in respect of the property situated in New Delhi for being used as stock yard by the company.

FRANCHISE AGREEMENTS

17. Agreement Dated 1st May, 2005 between the Company and Aar Kay Industries Limited for manufacture and supply of goods with Company's Trade Mark.
18. Agreement Dated 26th Dec, 2002 between the Company and Ashiana Ispat Limited for manufacture and supply of goods with Company's Trade Mark.

19. Agreement Dated 23rd Feb, 2004 between the Company and Bansiwala Iron and Steel Rolling Mills for manufacture and supply of goods with Company's Trade Mark.
20. Agreement Dated 22nd March, 2005 between the Company and Dadiji Steels Limited for manufacture and supply of goods with Company's Trade Mark.
21. Agreement Dated 7th March, 2005 between the Company and Hanuman Alloys (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
22. Agreement Dated 29th August, 2005 between the Company and Fortune Metals Limited for manufacture and supply of goods with Company's Trade Mark.
23. Agreement Dated 7th May, 2004 between the Company and Jhelum Industries for manufacture and supply of goods with Company's Trade Mark.
24. Agreement Dated 17th August, 2005 between the Company and Durgapur Steel Limited for manufacture and supply of goods with Company's Trade Mark.
25. Agreement Dated 28th Feb, 2005 between the Company and Kundil Ispat Limited. for manufacture and supply of goods with Company's Trade Mark.
26. Agreement Dated 28th Feb, 2005 between the Company and Kundil Rolling Mills (P) Limited for manufacture and supply of goods with Company's Trade Mark.
27. Agreement Dated 14th Nov, 2003 between the Company and Nalagarh Steel Rolling Mills Pvt. Ltd. for manufacture and supply of goods with Company's Trade Mark.
28. Agreement Dated 31st Aug., 2004 between the Company and Nilkhant Concast (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
29. Agreement Dated 1st March, 2004 between the Company and Radhey Radhey Ispat (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
30. Agreement Dated 23th Feb, 2004 between the Company and Supreme Alloys (P) Limited for manufacture and supply of goods with Company's Trade Mark.
31. Agreement Dated 5th Sept., 2005 between the Company and Kali Metals (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
32. Agreement Dated 25th May, 2005 between the Company and Meghalaya Steels (P) Limited for manufacture and supply of goods with Company's Trade Mark.
33. Agreement Dated 11th Aug, 2005 between the Company and Him Alloys & Steels (P) Limited for manufacture and supply of goods with Company's Trade Mark.
34. Agreement Dated 1st June, 2005 between the Company and Manwani Industries Limited for manufacture and supply of goods with Company's Trade Mark.
35. Agreement Dated 24th October, 2005 between the Company and Binju Metals & Alloys Industries Pvt. Ltd for manufacture and supply of goods with Company's Trade Mark.
36. Agreement Dated 4th Feb, 2006 between the Company and M/s L.M. Steels (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
37. Agreement Dated 20th January, 2006 between the Company and M/s Prahalad Ispat (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
38. Agreement Dated 8th Feb, 2006 between the Company and B. D. Casting (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
39. Agreement Dated 1st July, 2005 between the Company and Pangli Cement Company (P) Limited for manufacture and supply of goods with Company's Trade Mark.
40. Agreement Dated 14th June, 2005 between the Company and Trignayani Cement (P) Ltd. for manufacture and supply of goods with Company's Trade Mark.
41. Agreement Dated 8th Sept., 2005 between the Company and A.S. Cement Industries for manufacture and supply of goods with Company's Trade Mark.
42. Agreement Dated 8th October, 2005 between the Company and Asian Cement for manufacture and supply of goods with Company's Trade Mark.

43. Agreement Dated 15th feb, 2006 between the Company and M/s Swift Finvest (P) Ltd for manufacture and supply of goods with Company's Trade Mark.
44. Agreement Dated 4th Feb, 2006 between the Company and M/s Varun Cements Ltd. for manufacture and supply of goods with Company's Trade Mark.
45. Agreement Dated 8th October, 2005 between the Company and Kamdhenu Industries Limited for manufacture and supply of goods with Company's Trade Mark.
46. Agreement Dated 2nd Feb, 2006 between the Company and M/s Focus Infrastructure for royalty of using Company's Trade Mark.

PARTNERSHIP AGREEMENT

47. Partnership Deed dated 26-1-2005 between the Company, Smt Sujata Rout and Sri Sukanta Charan Rout for entering into a partnership under the name of M/s S.R. Ferro Alloys.
48. Agreement dated 26--01-2005 between the Company and M/s S.R. Ferro Alloys (partnership firm) for supply of entire production of Ores/ Minerals, obtained from the mines leased to M/s S.R. Ferro Alloys, to the Company.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of Kamdhenu Ispat Limited.
2. Certificate of Incorporation of the Company dated 12th September, 1994
3. Copy of resolution passed under Section 81(1A) of the Act, at the EGM of the Company held on October 5, 2005
4. Copy of Resolution passed by the Board of Directors at their meeting held on 10th September, 2005 for the proposed public issue
5. Consent from the Directors, Company Secretary, Compliance Officer, Chief Manager (F&A), Auditor, Lead Manager, Registrar to the issue, Bankers to the Issue, and Legal Advisor to the Company to act in their respective capacities.
6. Tax Benefit Certificate dated 17th January, 2006 from S. Singhal & Co., Chartered Accountants, Auditors of the Company.
7. Auditor's report dated 17th January, 2006 from S. Singhal & Co., Chartered Accountants, included in the Prospectus and copies of the Balance Sheet referred in the said report.
8. Annual Report of the Company for the last five Financial Years and Nine months ended December 31, 2005.
9. Copies of Initial Listing Application made to the National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE)
10. Copies of in-principal approvals dated February 23, 2006 and January 19, 2006 from NSE & BSE respectively.
11. Final SEBI observation Letter no CFD/DIL/ISSUES/61306/205 dated February 24, 2006.
12. Due Diligence Certificate dated 14th November, 2005 from Chartered Capital & Investment Limited
13. The stabilisation agreement dated November 14, 2005 between us, the selling shareholder and stabilisation agent.
14. Copy of resolution passed at Annual General Meeting on 29th September, 2004 for making payment of remuneration to Managing Director and Whole Time Director
15. Copy of resolution of appointment of Managing and Wholtime Director
16. Rent Agreement with Geeta Aggarwal regarding Registered Office of the company.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

We, the directors of Kamdhenu Ispat Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of the Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. We further certify that all statements in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF KAMDHENU ISPAT LIMITED

Mr. Satish Agarwal, Chairman & Managing Director

Mr. Pradeep Agarwal, Whole Time Director

Mr. Sunil Kumar Agarwal, Whole Time Director

Mr. Saurabh Agarwal, Whole Time Director

Mr. Suresh Kumar Singhal, Director*

Mr. Rajiv Goel, Director

Mr. Rakesh Goyal, Director

Mr. Purshotam Aggarwal, Director

*Signed by Power of Attorney holder, Mr. Arvind Gupta on behalf of Directors

Mr. Vineet Agarwal, Chief Manager (F&A)

Mr. Arvind Gupta, Company Secretary

Place : Gurgaon

Date : 11th March, 2006