

KEW INDUSTRIES LIMITED

(Our Company was incorporated as KEW Industries Limited on September 23, 1996 under the Companies Act, 1956, at Jalandhar and received the certificate of commencement of business on January 02, 2006. For details on changes of our Registered Office, please refer to the chapter titled "History and Other Corporate Matters" on page 47 of this Prospectus.)

Registered Office: B-3, Focal Point, Jalandhar 144 001 (Punjab) **Tel:** 91- 181- 2455171 **Fax:** 91-181- 2225715
Contact Person: Ms. Taranjeet Kaur; **E-mail:** info@kewltd.com

**ISSUE OF 70,00,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES"), AT A PRICE OF RS. 30 PER SHARE FOR CASH AGGREGATING RS. 2100 LACS (HEREINAFTER REFERRED TO AS "THE ISSUE")
THE ISSUE PRICE IS 3.0 TIMES OF THE FACE VALUE.**

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of KEW Industries Limited (the 'Company'), there has been no formal market for the Equity Shares of the Company. **The face value of the Equity Shares is Rs. 10/- (Rupees Ten Only) and the Issue Price is 3.0 times of the face value.** The Issue Price (as determined and justified by Lead Manager and KEW Industries Limited as stated herein under the section "Basis of Issue Price" given on page no. 25 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 RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, 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 aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus 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 offered through this Prospectus are proposed to be listed on Bombay Stock Exchange Limited. We have received in-principle approvals from Bombay Stock Exchange Limited for the listing of the Equity Shares vide BSE's letter dated January 17, 2006. Bombay Stock Exchange Limited is the designated stock exchange.

IPO GRADING

The Issue is not graded by any Credit rating agency.



LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 Chartered Capital And Investment Limited SEBI Regn. No.: INM000004018 13, Community Centre, East of Kailash, New Delhi-65 Phones: 26472557, 26419079, 26218274 Fax: 011/26219491 e-mail:Charteredcapital@gmail.com Contact Person: Mr. Amit Mehta	 Karvy Karvy Computershare Private Limited SEBI Regn. No.: INR 000000221 Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500034. Tel: 18003454001 (Toll free); Fax: 040-23420814 E-mail: kew.ipo@karvy.com Contact Person: Mr. M Murali Krishna
ISSUE OPENS ON 28TH AUG, 2006	ISSUE CLOSES ON 1ST SEPT, 2006

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DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“KEW” or “the Company” or “our Company” or “Company”	KEW Industries Limited, a public limited company incorporated under the Companies Act.
“we” or “us” or “our”	KEW Industries Limited

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue.
Articles/Articles of Association	Articles of Association of our Company.
Auditors	Brij Aggarwal & Associates, Chartered Accountants.
BSE	Bombay Stock Exchange Limited
Board of Director/ Board/ Committee of the 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 KEW Industries Limited, unless otherwise specified.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
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.
Financial year /fiscal / FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 70,00,000 Equity Shares, at a price of Rs. 30 each for cash, aggregating upto Rs. 2100 lacks For Details refer to page 3 of this Prospectus
Lead Manager / Lead manager to the issue	Lead Manager to the Issue, in this case being Chartered Capital And Investments Limited and Keynote Corporate Services Limited
MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003 as amended.
Memorandum / Memorandum of Association/ MOA	The Memorandum of Association of our Company.

Term	Description
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 ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
Promoter(s)	Shall Jointly mean Mr. Mukesh Juneja, Mr. Parveen Khanna, Ms. Monika Juneja and Ms. Krishna Wanti.
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	B-3 Focal Point, Jalandhar – 144 001
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Investors	Investors who apply for securities of and for a value not more than Rs. 100,000.
ROC	Registrar of Companies, Punjab, H.P. and Chandigarh Jalandhar Kothi No. 286 Defence Colony, Jalandhar 144 001
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
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.
Stock Exchanges	BSE
UIN	Unique Identification Number

Industry Related Terms

Abbreviations	Full Form
OE	Original Equipment
OEM	Original Equipment Manufacturer
CNC	Computer Numerical Controlled
HTV	Heavy Transport Vehicle
LCV	Light Commercial Vehicle
MUV	Multi Utility Vehicle
SUV	Sports Utility Vehicle
ACMA	Automotive Components Manufacturer's Association
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
CCE	Central Commission of Excise

Abbreviations	Full Form
EGM	Extraordinary General Meeting
EPS	Earnings per share
ESIC	Employees State Insurance Corporation
FCNR Account	Foreign Currency Non-Resident Account
FIPB	Foreign Investment Promotion Board
FY	Financial year/ Fiscal year
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
INR	Indian National Rupee
LC	Letters of credit Interbank Offered Rate
LIBOR	London Interbank Offered rate
N.A.	Not Applicable
NAV	Net Asset Value
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository 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
RoNW	Return on Net Worth
R&D	Research and Development
SIAM	Society of Indian Automobile Manufacturers

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”, “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 Automotive Components and Auto Ancillary industries in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, our ability to manage operational risks, our inability to procure machinery or supplies at acceptable rates, technological changes, our exposure to market risks, general economic and political conditions in India and our overseas markets, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic 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 “Risk Factors” beginning on page viii 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 trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

RISK FACTORS

An investment in equity securities involves a high degree of risk. You should carefully consider all information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified.

A. SPECIFIC TO THE PROJECT

The Objects of the Issue for which funds are being raised has not been appraised by any Bank or Financial Institution.

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 additional production facilities and working capital requirement.

We are yet to place Orders for Majority of Capital Goods relating to our Expansion. Any delay in placing order on time will affect our implementation Schedule.

Out of the total Plant and Machinery cost we have already purchased Plant and Machinery costing Rs. 121.79 Lacs. We are yet to place order amounting to Rs. 559.43 Lacs for Plant & Machinery required for Expansion. We have so far placed orders for Plant & Machinery costing Rs 264.52 Lacs out of the total Plant & Machinery Cost of Rs 945.74 Lacs. The rest of the Cost amounting to Rs. 5 Lacs would be incurred towards Civil Construction. We have identified the suppliers and obtained their quotations, which we are evaluating and orders will be placed once these are finalised. Any delay in placing orders or procurement of such plant and machinery etc. may delay implementation of the Expansion Project. Such delays may also lead to increase in prices of these equipments further affecting our cost estimates of the Expansion Project.

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

We will need significant additional capital to finance our business plans and in particular, our plan for Modernisation/ Capacity expansions as referred to in the section titled "Objects of the Issue" on page 19 of this Prospectus. Due to various factors including certain extraneous factors such as changes in tariff regulations, interest rates, insurance and other costs, borrowing or lending restrictions, if any, or our inability to obtain financing on acceptable terms, we may not be able to finance our capital expenditure plans or finance them on competitive terms, which would in turn adversely affect our business and growth prospects.

B. INTERNAL TO OUR COMPANY

We are involved in a number of cases relating to excise duty, sales tax which if determined against us could have a material adverse impact on us.

There are 2 disputes relating to excise duty pending against our Company. The disputed excise duty in these cases aggregates to approximately Rs. 6.11 Lacs. There are 3 disputes relating to sales tax pending against our Company. The disputed sales tax in these cases aggregates to approximately Rs. 364.73 Lacs. The summary of the details are as under:

Sl. No.	Case No/ Assessment Order Challenged	Authority	Amount Involved (Rs. in Lacs)
EXCISE LITIGATIONS			
1.	Show Cause No. C. No. IV (Hqrs.) Prev/ Jal/12/13/2003/ 386 dated 16.08.2004.	Commissioner, (Appeals)	5.53
2.	Show Cause notice no. C.N.O.: V-30/85/J-II/04/5249 dated 16.12.2005.	Assistant Commissioner of Central Excise, Jalandhar.	0.58
	TOTAL		6.11

SALES TAX LITIGATIONS			
1.	Order dated 15.09.2004 of the Assessing Authority, Jalandhar for the period 2003-2004	Assessing Authority, Jalandhar.	88.10
2.	Order dated 17.03.2005 of the Assessing Authority, Jalandhar for the period 2004-2005 (3 quarters)	The Hon'ble VAT Tribunal, Chandigarh, Punjab.	208.22
3.	Order dated 22.11.2005 of the Assessing Authority, Jalandhar for the second quarter of 2005-06.	The Deputy Excise and Taxation Commissioner (Appeals), Jalandhar	68.41
	TOTAL		364.73

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 and Material Developments" beginning on page 86 of this Prospectus.

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

As on March 31,2006 the contingent liabilities appearing in our restated financial statements were:

Particulars	Current Year
Bank Guarantee	Rs. 240.58 Lacs

In the event such contingent liability materialises it may have an adverse affect on our financial performance.

Delay in obtaining Certificate of Commencement of Business and not holding Statutory Meeting.

Our Company was formed by conversion of partnership firm M/s Krishna Engineering Works into a public limited company under the name KEW Industries Limited on 23/09/1996 under Chapter IX of the Companies Act 1956. At the time of incorporation of the Company, we did not obtain the Certificate of Commencement of Business as stipulated by Section 149 of the Companies Act 1956. We also consequently did not hold Statutory General Meeting as required under Section 165 of the Companies Act 1956. We have moved a petition to the Company Law Board through Registrar of Companies, Jalandhar, Punjab for Composition and Compounding the offence under the Companies Act 1956 with regard to non obtaining the Certificate of Commencement of Business u/s 149(2), Holding of the Statutory Meeting u/s 165(9) and for exercising the Borrowing Powers in contravention of Section 149(6). We obtained the certificate of commencement of business on January 02, 2006. Hence there was a considerable delay in obtaining the certificate of commencement of business.

We have not made payment of Term Loan amounting to Rs 226.97 Lacs to Punjab Financial Corporation, Chandigarh.

We had taken Term Loans in three tranches totalling to Rs. 250.30 Lacs out of which outstanding amount is Rs. 226.97 Lacs from Punjab Financial Corporation up to the year 2002 vide their sanction letter no. PFC/QFS:98:6222,PFC/ MBD: 9924317 and mortgage deed dated 11th March, 1998, 10th September, 1999 and 21st July 1991 respectively. We have not been making payment quarterly Loan instalment on account of Liquidity problem since October 2004. We have moved an application to Punjab Financial Corporation for re-scheduling the loan repayment and for waiver of Interest for delayed period with further reduction in rate of interest for balance loan outstanding. The term loan has been rescheduled by Punjab Finance Corporation vide their letter no. M&FUI/20174 dated December 06, 2005.

We do not own any registered brand or trademark.

We do not have any trademark registered in Company's name. The products of the Company are being marketed under the name "KEW" at present. We are taking steps to build a Brand for Company's Products and are in process of making an application for registration of Trade Mark with Registration Authority. Thus we have limited protection of our trademark.

We derive around 90 % of our Sales from our top Four customers.

Our main customers are Tata Motors Ltd., Ashok Leyland Ltd. and Ordnance Factories. They account for almost 90% of our total sales for the year ended 31st March 2006. We could be adversely affected in case supplies to any of these customers are affected for any reason.

We procure around 50% of our Raw Material from Top Four Suppliers.

Our main suppliers of raw materials are Vardhman Special Steels, Modern Steels Ltd., Ludhiana Steel Rolling Mills Ltd., Aarti Steels Ltd. Thus we are dependent on these suppliers for procurement of the raw material. This could have a material adverse effect on our business. We could be adversely effected in case supplies from any of the suppliers be affected for any reasons.

An increase in the prices of raw materials will raise our manufacturing costs and could adversely affect our profitability.

The main raw materials that we use in the production are, various grades of Steel, Casted products and Forged products. Raw material costs account for the single largest component of our expense base and constitutes approximately 70.13% of net sales during financial year ended March 31, 2006. Any significant increase in the prices of raw materials due to any reason may increase our manufacturing costs and adversely affect our profitability.

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

Our business is dependent on our manufacturing facilities. We currently conduct our operations at our manufacturing facilities at Ladowali Road Jalandhar and F-3 Focal Point, Jalandhar. 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 yet to receive renewal of certain statutory approvals required in the ordinary course of our business and if we are unable to obtain these approvals, our business could be adversely affected.

We are yet to receive the following material statutory approvals which have expired and for which renewal applications have been made:

Consents under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 for our facilities at Ladowali Road, Jalandhar and B-3 Focal Point, Jalandhar.

Authorisation under the Hazardous Waste (Management and Handling) Rules, 1989 for our facilities at Ladowali Road, Jalandhar and B-3 Focal Point, Jalandhar.

In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for our proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals, including those set forth above, may result in the interruption of our operations or delay or prevent our expansion plans may have a material adverse effect on our business, financial condition 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. The loss of any of the Directors or key personnel may adversely affect our business and results of operations.

The nature of our business exposes us to product liability and warranty claims and other legal proceedings.

Under our sale agreements, we provide service, structural warranties for our Products. We rely on manufacturers and other suppliers for raw materials and/or other materials. Because we do not have direct control over the quality of such products manufactured or supplied by such third party suppliers, we are exposed to risks relating to the quality of our finished products. Further sometimes problem arises on account of mixing of raw material in desired ratio We do not have any insurance cover for warranty claims or any such liabilities.

Further, we have no arrangements with the subcontractors to pass the risk associated with potential defects in workmanship on to the subcontractors performing the work. Our failure to pass on such warranty claims and liabilities may negatively affect our financial condition, results of operations and cash flows. Further, claims of this nature could also have a negative impact on customer confidence in our products and our Company.

As per the loan agreements entered into by us with our lenders, there are certain restrictions on us, which may affect our future business operations.

Certain covenants in our financing agreements require us to obtain approval from the financial institutions for Scheme of amalgamation, Scheme of expansion or diversification, Corporate Investment, Undertake Guarantee, payment of dividend in certain circumstances. All such restriction may have adverse impact on working of the Company. Certain lenders can vary rate of interest. Certain lenders are also entitled to appoint additional nominee directors on our Board of Directors. For further details, please refer to the sections titled "Our Business – Statement of Indebtedness" on page 43 of this Prospectus.

C. External Risk Factors

We face substantial competition in Forging and Auto component business from other Manufacturers, which may hurt our revenues.

The Indian Auto Component is highly competitive we face competition from low cost producers in unorganised sector specialising 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.

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

We, like other Automobile component/ ancillary manufactures, 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

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 by Automobile Industry. 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 Automobiles, where our components 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.

Changes in economic conditions may adversely affect our sales.

We operate in Auto component Industry which is directly related to Automobile Industry. Demand for our products is sensitive to changes in Automobile Industry capacity and output levels, 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 segments can have a significant impact on the selling prices of our products and on our results of operations.

We are subject to adverse impact of economic and political conditions.

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates and its impact on rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. The taxation system within the country still remains complex.

We face foreign exchange risks, which may adversely affect our cash flows and results of operations.

We export some products to certain countries. As the payment is received in Foreign Currency any adverse changes in the foreign currency exchange rates affect our net realisation and, affect our cash flow adversely and will also affect our profitability. We will face foreign exchange risks in the future also if we continue to Export. Although we may in the future enter into hedging arrangements against foreign exchange risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

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.

Terrorist attacks or acts of war may seriously harm our business.

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could impact our sales and results from operations. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict.

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

India and other countries of the world have experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Global economy. Any negative impact of natural disasters on the Global economy could adversely affect our business and the market price of our Equity Shares.

Insurance cover is unavailable for certain risks or may be inadequate.

Our Company has covered itself against certain risks. Insurance cover may not have been taken or is generally not available for certain kind of risks. We believe our insurance coverage is consistent with the industry practice. To the extent that any uninsured risks materialise, our operating results and financial performance could be detrimentally affected.

Notes:

1. Public Issue of 70,00,000 Equity Shares of Rs. 10 each at a price of Rs. 30/- per equity share for cash aggregating Rs. 2100 Lacs.
2. The net worth of our Company, as per our financial statements as at March 31, 2006 is Rs. 1919.63 Lacs
3. The average cost of acquisition of Equity Shares by our Promoters are as follows:

Name	No. of Shares Held	Average cost per Equity Shares (Rs.)
Mukesh Juneja	1691569	9.62
Praveen Khanna	490600	10.00
Monika Juneja	481900	11.46
Krishna Wanti	548962	12.81

4. Book value of the Equity Shares of our company, as per our financial statements as at March 31, 2006, is Rs. 32.63 per Equity Share.
5. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page 73 of this Draft Prospectus.
6. For the details of the Interest of Promoters/ Directors/ Key Managerial Personnel refer to the section of "Our Management" on page no. 51 of this Prospectus.
7. There are no transactions of purchase/sale of shares by Promoters/ Promoters Group/ Directors/ Directors of the Promoters Company in last 6 months.
8. For details of the Loans & Advances to the related parties/ Companies in which the Directors are interested kindly refer to the disclosure under the section of "Related Party Transactions" on page no. 73 of this Prospectus.
9. Investors are free to contact the Lead Managers for any complaints/ information/ clarification pertaining to this Issue. For contact details of the Lead Managers, please refer to the cover page of this Draft Prospectus.
10. All information shall be made available by the Lead Managers and our company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
11. Investors are advised to refer to the paragraph on "Basis of Issue Price" on page 25 of this Draft Prospectus before making an investment in this Issue.
12. Investors should note that in the event of the Issue being oversubscribed, the allocation shall be done on a proportionate basis to Retail Individual investor and Non-Institutional investors (Please refer to the section titled "Basis of Allotment" on page 105 of this Prospectus).

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Prospectus, including the information on "Risk Factors" and our financial statements and related notes appearing on page no. viii & 61 respectively in this Prospectus, before deciding to invest in our Equity Shares.

Overview of Automobile Industry:

The automobile sector is the largest consumer of steel forging. The last decade has witnessed enormous growth in the automobile industry. A new generation of automobiles, which includes heavy medium and light commercial vehicles, passenger cars and 2/3 wheelers, have been introduced in the country. This technological growth in the automobile sector has resulted largely because of appreciable foreign participation, mainly with Japan, USA and Europe. Today, all the Japanese and Korean vehicle manufacturers have established manufacturing facilities in India in collaboration with local partners.

The advancement in the automobile industry in developed countries has opened up several opportunities in low cost countries. Most of the automotive components manufacturing units in India have upgraded their production facilities with latest and most modern equipment & technology with more emphasis on cost effectiveness and quality evaluation.

Overview of our Business:

Our Company is the manufacturer and supplier of defence stores and automobile components for Original Equipment Manufacturers. Presently, it enjoys the reputation of known manufacturer of automotive components and shell bodies for Ministry of Defence. The Company has its brand for product range in the domestic and export market.

We manufacture SG Iron and Cast Iron products for both domestic and export markets. We have Laboratory and Modern Research & Development Department certified by the Ministry of Science & Technology. The customer base of our company has a list of the auto players of the industry. Our major client portfolio includes Ashok Leyland Limited, TELCO, Punjab Tractors Limited, Indian Ordnance Factories under Ministry of Defence of India, Rail Coach Factory, Kapurthala.

Our existing Manufacturing Facilities includes the following:

- (a) **Machine Shop** — KEW has a fully equipped Machine Shop. The facility has a diverse range of machines and certain special purpose machines for finishing and coating. The Machine Shop is also equipped with new generation CNC machines, which are used for achieving higher accuracy. Our range of machines include CNC Vertical Balancing Machine, CNC Turning Centre, CNC Horizontal Balancing Machine, Drilling Tap Centres, Manual Tooling, Grinding Machines, Copy Turning, Special Purpose Machines, Gear Shapers, Fine Boring Machines and Various Lathe Machines.
- (b) **Quality Control and Research & Development** — The focus of QC and R&D is on optimising machine time and improving product quality. Our Company firmly believes in TOTAL QUALITY MANAGEMENT, Customer Satisfaction and continuous improvement in quality. Regular training programmes are conducted for staff at all levels to achieve competence enhancement along with group discussions, seminars and conferences. Workers and middle level managers are encouraged to conduct Quality Circles, Trouble Shooting Exercises, and Product Review Exercises and to regularly attend training courses at various Institutions in the country to raise their professional skill and competency level. KEW also ensures procurement quality through systematic vendor development, quality plan, and vendor up-gradation through vendor quality audit, inspection and training.

We have a large resource-pool of highly trained and qualified design engineers, supported by the latest design software and prototype development facilities. It has capability to design from the basic layout, load and interface data to final production. Its Engineers are continuously innovating to develop newer, better products.

Product Range:

The Product Range of our Company includes the manufacturing of the following products for both domestic and export markets to find their utility in the sectors like auto ancillary, defence, railways. Our's was the pioneer private company to step into the manufacturing of defence parts and get recognition from the Ministry of Defence.

Auto Components:

- **SG Iron Casted Products** — These are used in heavy commercial vehicles and our major customer in this segment are Tata Motors and Ashok Leyland in the International market, KEW supplies cover & Support Arm products to its clients.
- **Cast Iron Product** — These products are used in MUV segment and Tractors. The major customers in this segment are Ashok Leyland Limited & Tata Motors.

Defence Products:

The Company manufactures Bombshells of 120mm and 51mm for the Ministry of Defence.

Railways Products:

The Company manufactures components viz., Control Arm, Brake Support and Axle Box, etc. for Railways

With the change in domestic and international market scenario, KEW has started diversifying its concentration towards Automobile sector. The supply orders in the automotive sector are expected to be of large quantity and steady over a long duration. Along with this, KEW will continue to cater the demand from Defence and Railways.

Business Strategy:

The Company is targeting to increase its presence across its core business areas, i.e., manufacturing of world class automotive components through various activities. The growth witnessed by automotive sector has also created significant opportunities for auto component manufacturers, which supports expansion and investment. We at KEW are also determined to take advantage of this scenario by undertaking many activities such as:

- Creation, upgradation, expansion, etc., of new/existing facilities to cater to growing demand by investment in plant & machinery, modernisation of plant, addition of new facilities, etc.
- Extension of the existing range of its products to include a wider range of automotive parts involving diversification and horizontal integration of our product line and processes.
- Leveraging of marketing skills and relationships and further enhancing customer satisfaction to enhance the customer base and go for aggressive marketing.
- Identification of new and more efficient suppliers to reduce costs, increase speed of delivery, improve quality and reduce lead times.
- Reduction of its operational costs and overheads to increase competitiveness in the tough market by cutting expenses, improving efficiency and maximum utilisation of resources.

THE ISSUE

Particulars	Equity Shares of Face Value of Rs. 10/-
Equity Shares Offered by the Company	70,00,000
Of Which:	
Reserved for allotment to NRI's/FII's	27,50,000
Reserved for allotment to Mutual Fund/ Banks/Indian Financial Institutions	10,00,000
Net Issue to Public	32,50,000
Equity Shares outstanding prior to the Issue	58,83,631
Equity Shares outstanding post to the Issue	1,28,83,631
Objects of the Issue	See the section entitled "Objects of the Issue" on page 19 of this prospectus

- (i) Under subscribed portion in any reserved category may be added to any other reserved category.
- (ii) The Unsubscribed portion, if any, after such inter se adjustments amongst the reserved category shall be added back to the net offer to the public.
- (iii) In case of under subscription in the net offer to the public portion, spill over to the extent of under subscription shall be permitted from the reserved categories to the Net Public Offer portion.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of March 31, 2002, 2003, 2004, 2005 and 2006 as described in the Auditors Report in the section titled "Financial Statements" beginning on page 61 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 Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 65 & 79 respectively, of this Prospectus.

STATEMENT OF ASSETS AND LIABILITIES:

(Rs. in Lacs)

PARTICULARS	MARCH 31, 2002	MARCH 31, 2003	MARCH 31, 2004	MARCH 31, 2005	MARCH 31, 2006
A. FIXED ASSETS					
Gross Block	1483.48	1680.00	1856.76	2098.79	2332.21
Less: Depreciation	183.39	273.89	392.55	533.97	690.48
Net Block	1300.09	1406.11	1464.21	1564.82	1641.73
Capital Work-in-Progress	0.00	26.96	3.46	1.37	3.74
TOTAL FIXED ASSETS (A)	1300.09	1433.07	1467.67	1566.19	1645.47
B. INVESTMENT (B)	5.28	5.28	5.28	5.28	5.28
C. CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	588.14	774.04	796.53	1199.44	1155.83
Sundry Debtors	628.92	523.25	1104.66	984.12	1316.47
Cash and Bank Balance	80.18	79.67	33.01	31.37	41.03
Loans and Advances	59.43	123.20	38.85	69.12	77.37
TOTAL (C)	1356.67	1500.16	1973.05	2284.05	2590.70
D. LIABILITIES AND PROVISIONS					
Secured Loans	1080.21	1220.47	1292.66	1279.70	1274.94
Unsecured Loans	400.00	386.20	639.96	602.50	477.05
Current Liabilities	289.59	262.90	243.97	221.80	233.50
Provisions	15.41	17.74	20.48	33.07	24.75
Sale Tax Deferment	142.33	170.49	206.01	264.63	268.56
Share Application Money	33.87	—	—	155.32	43.02
TOTAL (D)	1961.41	2057.80	2403.08	2557.02	2321.82
E. Net Worth (A+B+C-D)	700.63	880.71	1042.92	1298.50	1919.63
F. REPRESENTED BY:					
1 Share Capital	395.39	453.79	468.36	468.36	588.36
2 Share Premium	—	—	—	—	180.00
3 Reserves and Surplus	305.24	512.16	685.97	955.75	1254.45
4 Unamortised deferred Revenue Exp.	0.00	85.24	111.41	125.61	103.18
Net Worth (1+2+3-4)	700.63	880.71	1042.92	1298.50	1919.63

STATEMENT OF PROFIT AND LOSS ACCOUNT:

(Rs. in Lacs)

PARTICULARS	MARCH 31, 2002	MARCH 31, 2003	MARCH 31, 2004	MARCH 31, 2005	MARCH 31, 2006
INCOME					
Sales	3453.30	1952.17	3189.69	4078.10	4207.30
Less: Excise Duty	501.78	151.20	148.32	208.98	246.25
NET SALES	2951.52	1800.97	3041.37	3869.12	3961.05
Other Income/Job Work	3.65	883.98	68.95	2.11	24.82
Increase/(Decrease) in stocks	57.84	269.29	53.69	(43.51)	(20.98)
TOTAL	3013.01	2954.24	3164.01	3827.72	3964.89
EXPENDITURE					
Material Consumed	1536.30	1551.51	2191.39	2801.41	2777.73
Manufacturing Exp.	677.22	622.88	256.41	173.85	272.65
Administrative Exp.	54.66	53.75	47.10	56.30	47.11
Selling Exp.	105.01	91.93	47.60	61.14	110.84
Personnel Exp.	80.59	72.86	44.10	35.32	41.21
Finance Exp. (other than Interest)	11.02	11.86	7.02	8.00	7.74
Deferred Revenue Exp. w/off	0.0	0.0	17.05	25.69	33.67
TOTAL	2464.80	2404.79	2610.67	3161.71	3290.95
Profit before Intt., Dep. and Tax	548.21	549.45	553.34	666.01	673.94
Interest Charges	257.08	219.66	237.74	221.41	193.99
Profit before Dep. and Tax	291.13	329.79	315.60	444.60	479.95
Depreciation	90.07	105.12	121.31	141.75	156.50
Net Profit before Tax	201.06	224.67	194.29	302.85	323.45
Provision for Taxation	15.41	17.73	20.48	33.07	24.75
Net Profit after Tax	185.65	206.94	173.81	269.78	298.70
Extra Ordinary and Prior Period Items	0.00	0.00	0.00	0.00	0.00
Net Profit after Tax after Extra Ordinary and Prior Period Item	185.65	206.94	173.81	269.78	298.70

GENERAL INFORMATION

KEW INDUSTRIES LIMITED

Registered Office:

B-3, Focal Point,
Jalandhar 144 001 (Punjab)

(Registered office of the Company was shifted from Ladowali Road, Jalandhar to present premises on 1st July, 2005)
Tel.: 91- 181- 2455171; Fax: 91-181- 2225715; E-mail: info@kewltd.com

Registered with Registrar of Companies,

Punjab, H.P. & Chandigarh.
Kothi No. 286,
Defence Colony,
Jalandhar – 144001,
Ph: 0181-2223843, Fax: 0181-2223843

Registration No. 16-18821

GENERAL INFORMATION:**Board of Directors:**

The Company is currently managed by Board of Directors comprising of 5 directors. Mr. Mukesh Juneja is the Managing Director. Our Board of Directors comprises of the follows:

Name	Designation	Status
Mr. Mukesh Juneja	Managing Director	Promoter
Mr. Parveen Khanna	Director	Promoter
Mr. Amarjit Singh Gogna	Director	Independent
Group. Captain M.K. Labroo (Retd.)	Director	Independent
Mr. Ashok Kumar	Director	Independent

For further details of our Managing Director and Directors see the section titled "Our Management" beginning on page 51 of this Prospectus

COMPANY SECRETARY AND COMPLIANCE OFFICER:**Ms. Taranjeet Kaur**

KEW Industries Limited
B-3, Focal Point
Jalandhar 144 001 (Punjab)
Tel.: 91- 181- 2455171,
Fax: 91-181- 2225715
Email: info@kewltd.com

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

LEGAL ADVISORS TO THE ISSUE

SUMAN KHAITAN & CO, Advocates
W-13 West Wing, Greater Kailash Part-II
New Delhi-110 048
Tel.: 011-4163 9539, 4163 9538; Fax: 011-2921 7108
E-mail: suman@sumankhaitanco.com
Contact Person: **Mr. Suman Jyoti Khaitan**

BANKERS TO THE COMPANY**State Bank of India**

Civil Lines
Jalandhar 144 001
Tel.: 0181-245 7544; Fax: 0181- 222 4168
E-mail: sbiscbcl@vsnl.com

Citizens Urban Co-Operative Bank Ltd.:

H.O .Opp. Circuit House
Jalandhar 144 001
Tel.: 0181-222 2007, 222 4712; Fax: 0181-223 0169

Allahabad Bank

Civil Lines, G.T. Road
Jalandhar 144 001
Tel.: 0181-222 4453; Fax: 0181-222 7595

AUDITORS**Brij Aggarwal & Associates**

Chartered Accountants,
Nehru Garden Road,
Jalandhar City-144 001
Tel.: 0181-222 2676, 223 6126

LEAD MANAGERS TO THE ISSUE**Chartered Capital & Investment Limited**

13, Community Centre, East of Kailash,
New Delhi – 110 065.
Tel.: 91-11-26472557, 26219079, 26218274
Fax: 91-11-2621 9491
Website: www.charteredcapital.net
E-mail: charteredcapital@gmail.com
Contact Person: **Mr. Amit Mehta**

Keynote Corporate Services Limited

307, Regent Chambers, Nariman Point,
Mumbai – 400 021
Tel.: (022) 2202 5230; Fax: (022) 2283 5467
E-mail: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: **Ms. Kavita Nachnani**

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

Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills,
Hyderabad–500 034.
Tel.: 1800 345 001 (Toll free)
Fax: 040-2342 0814
E-mail: KEW.ipo@karvy.com
Contact Person: **Mr. M Murali Krishna**

BANKERS TO THE ISSUE**CANARA BANK**

Capital Market Service Branch,
11, Homi Street, Verma Chambers, Fort,
Mumbai-400 001
Tel.: 2266 1618, 2266 2816, 2268 2973
Fax: 2266 4140
E-mail: mcity2422@canbank.co.in
Contact Person: **Mr. T. Murlidharan**

STATE BANK OF INDIA

New Issues & Securities Services Division,
Mumbai Main Branch, Mumbai Samachar Marg,
P.Box No. 13, Fort,
Mumbai-400 023
Tel.: 2266 2133, 2266 1765; Fax: 2267 0745
E-mail: agmnissed@vsnl.net
Contact Person: **Ms. Anuradha Kurma**

HDFC BANK LTD.

Controlling Branch,
Maneckji Wadia Building, Nanik Motwani Marg, Fort
Mumbai-400 023
Tel.: 022-2270 5515, 2270 1001
Contact person: **Mr. Sunil Kolenchry**

ICICI BANK

Capital Market Division,
30, Mumbai Samachar Marg,
Mumbai- 400 001
Tel.: 022-2262 7600, Fax: 022-226 11138
E-mail: sidhartha.routray@icicibank.com
Contact Person: **Mr. Sidhartha Routray**

BROKERS TO THE ISSUE

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

TRUSTEES

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

CREDIT RATING

This being an issue of Equity Shares, credit rating is not required.

UNDERWRITING AGREEMENT

The present Public Issue is not underwritten.

IPO GRADING

The Company has not opted for IPO Grading.

INTER-SE ALLOCATION OF RESPONSIBILITY:

The responsibilities and co-ordination for various activities in this Issue to be carried out by the Lead Managers are given below:

Sl. No.	Activity	Responsibility	Coordinator
A.	i) Capital Structuring with relative components and formalities such as composition of debt equity, type of instruments, etc.	CCIL	CCIL
	ii) Structuring of the issue instrument.	CCIL	CCIL
B.	i) Offer document – draft and design of offer document, due diligence and completion of formalities with Stock Exchange, SEBI and Registrar of Companies.	CCIL	CCIL
	ii) Selection of Ad agencies, design of statutory advertisement and press releases.	CCIL	CCIL
C.	i) Marketing of the Issue, which will cover, <i>inter alia</i> formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc., and Bankers to the Issue.	Keynote & CCIL	Keynote
	ii) Running the book, coordinating the pricing strategy and deciding the allocation, tying up underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure, and deciding on the quantum of issue material.	Keynote & CCIL	Keynote
D.	Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.	CCIL & Keynote	CCIL
E.	Selection of Bankers to the Issue, collection centres.	CCIL & Keynote	CCIL
F.	Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures.	CCIL	CCIL
G.	Post issue activities will involve submission of statutory reports, essential follow up steps including finalisation of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable to discharge this responsibility through suitable agreement with the issue company.	CCIL	CCIL

MONITORING AGENCY

Allahabad Bank,
Civil Lines,
Jalandhar
Tel.: 0181-222 7595

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at anytime after Issue Opening Date but before Allotment, without assigning any reason thereof.

ISSUE OPENS ON : 28TH AUG, 2006

ISSUE CLOSES ON : 1ST SEPT, 2006

CAPITAL STRUCTURE

Our share capital as at the date of Prospectus is set forth below:

(Rs. in Lacs)

	NOMINAL VALUE	AGGREGATE VALUE
A. Authorised Share Capital 1,35,00,000 Equity shares of Rs. 10/- each	1350.00	
B. Issued, Subscribed and Paid-up Capital 58,83,631 Equity shares of Rs. 10/- each	588.36	768.36
C. Present Public Issue 70,00,000 Equity shares of Rs. 10/- each at a premium of Rs. 20/- per share	700.00	2100.00
D. Out of (C) above		
(i) 27,50,000 Equity shares of Rs. 10/- each at a premium of Rs. 20/- per share reserved for allotment to NRIs/ FII's on competitive basis	275.00	825.00
(ii) 10,00,000 Equity shares of Rs. 10/- each at a premium of Rs. 20/- per share reserved for allotment to Mutual Fund/ Banks/ Indian Financial Institutions on competitive basis	100.00	300.00
(iii) Net Offer to Public 32,50,000 Equity shares of Rs. 10/- each at a premium of Rs. 20/- per share for cash	325.00	975.00
E. Total paid-up capital after the Public Issue 1,28,83,631 Equity Shares of Rs. 10/- each	1288.36	2868.36
F. Share Premium Account		
Before the Issue		180.00
After the Issue		1580.00

- (i) Under subscribed portion in any reserved category may be added to any other reserved category.
- (ii) The Unsubscribed portion, if any, after such inter se adjustments amongst the reserved category shall be added back to the net offer to the public.
- (iii) In case of under subscription in the net offer to the public portion, spill over to the extent of under subscription shall be permitted from the reserved categories to the Net Public Offer portion.

NOTES FORMING PART OF THE CAPITAL STRUCTURE:**1. Details of the increase in authorised capital:**

The following is the increase in the share capital of the Company, which has taken place during the tenure of the Company:

Sl. No.	Particulars of Increase	Date of Meeting	Cumulative Authorised Capital
1.	Rs. 1,00,00,000/- divided into 10,00,000 equity shares of Rs. 10/- each	At the time of incorporation, i.e., 23, Sept., 1996	Rs. 1,00,00,000
2.	Rs. 50,00,000/- divided into 5,00,000 equity shares of Rs. 10/- each	30-3-1997 (EGM)	Rs. 1,50,00,000
3.	Rs. 2,00,000/- divided into 20,000 equity shares of Rs. 10/- each	12-11-1997 (EGM)	Rs. 1,52,00,000
4.	Rs. 98,00,000/- divided into 9,80,000 equity shares of Rs. 10/- each	30-09-1999 (AGM)	Rs. 2,50,00,000
5.	Rs. 1,50,00,000/- divided into 15,00,000 equity shares of Rs. 10/- each	14-03-2001 (EGM)	Rs. 4,00,00,000
6.	Rs. 1,00,00,000/- divided into 10,00,000 equity shares of Rs. 10/- each	25-03-2003 (EGM)	Rs. 5,00,00,000
7.	Rs. 6,00,00,000/- divided into 60,00,000 equity shares of Rs. 10/- each	30-09-2005 (AGM)	Rs. 11,00,00,000
8.	Rs. 2,50,00,000/- divided into 25,00,000 equity shares of Rs. 10/- each	11-11-2005 (EGM)	Rs. 13,50,00,000

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

Date of Allotment/ Fully Paid-up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Value (Rs.)	Cumulative Capital	Remarks
26-09-1996	7,27,500	10/-	10/-	*	72,75,000	72,75,000	Shares allotted to partners at the time of incorporation
31-03-1997	3,76,300	10/-	10/-	Cash	37,63,000	1,10,38,000	Expansion of Capital
12-11-1997	4,00,000	10/-	10/-	Cash	40,00,000	1,50,38,000	Expansion of Capital
29-11-1999	3,85,000	10/-	10/-	Cash	38,50,000	1,88,88,000	Expansion of Capital
31-03-2000	6,00,000	10/-	10/-	Cash	60,00,000	2,48,88,000	Expansion of Capital
15-03-2001	2,41,550	10/-	10/-	Cash	24,15,500	2,73,03,500	Expansion of Capital
22-03-2001	2,89,430	10/-	10/-	Cash	28,94,300	3,01,97,800	Expansion of Capital
24-03-2001	3,36,000	10/-	10/-	Cash	33,60,000	3,35,57,800	Expansion of Capital
26-03-2001	2,80,000	10/-	10/-	Cash	28,00,000	3,63,57,800	Expansion of Capital
28-03-2001	1,02,000	10/-	10/-	Cash	10,20,000	3,73,77,800	Expansion of Capital
30-03-2001	1,19,400	10/-	10/-	Cash	11,94,000	3,85,71,800	Expansion of Capital
31-03-2001	96,820	10/-	10/-	Cash	9,68,200	3,95,40,000	Expansion of Capital
31-03-2003	5,83,900	10/-	10/-	Cash	58,39,000	4,53,79,000	Expansion of Capital
31-03-2004	1,45,731	10/-	10/-	Cash	14,57,310	4,68,36,310	Expansion of Capital
11-11-2005	12,00,000	10/-	25/-	Cash	1,20,00,000	5,88,36,310	Preferential Allotment
Total	58,83,631	10/-					

* The under mentioned partners were carrying on the business in partnership which was converted into a joint stock company w.e.f. 23rd September, 1996. Subsequently the partners were allotted shares as the members of the joint stock company in the following manner:

Sl. No.	Name of the Party	Amount	No. of Shares (Equity Shares of Rs. 10/- each)
1.	Sh. Gurbachan Juneja	71,56,000	7,15,600
2.	Sh. Parveen Khanna	16,000	1,600
3.	Sh. Rakesh Suri	16,000	1,600
4.	Sh. Sumeet Juneja	22,000	2,200
5.	Sh. Mukesh Juneja	22,000	2,200
6.	Sh. Satish Ahuja	16,000	1,600
7.	Smt. Krishna wanti	27,000	2,700

3. Promoter Contribution and Lock in:

Date of Allotment/ Purchase/ (Transfer)	Consideration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post Issue Capital	Lock in Period
1. Mukesh Juneja						
26-09-1996	Shares received upon conversion of partnership into Joint Stock Company as per the deed of settlement *	2,200	10	10		3 Years
31-03-1997	Cash	37,200	10	10		3 Years
31-03-2000	Cash	8,000	10	10		3 Years
15-03-2001	Cash	50,000	10	10		3 Years
26-03-2001	Cash	1,00,000	10	10		3 Years
31-03-2003	Cash	27,500	10	10		3 Years
16-11-2004	Transfer	3,14,069	10	10		3 Years
20-11-2004	Gift#	7,15,600	10	Nil		3 Years
20-11-2004	Gift#	2,200	10	Nil		3 Years
TOTAL		12,56,769		9.75		
2. Parveen Khanna						
26-09-96	Shares received upon conversion of partnership into Joint Stock Company as per the deed of settlement *	1,600	10	10		3 Years
29-11-99	Cash	35,000	10	10		3 Years
26-03-01	Cash	1,00,000	10	10		3 Years
16-11-2004	Transfer	3,54,000	10	10		3 Years
TOTAL		4,90,600			3.81	

Date of Allotment/ Purchase/ (Transfer)	Consideration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post Issue Capital	Lock in Period
3. Monika Juneja						
31-03-1997	Cash	5,000	10	10		3 Years
31-03-2000	Cash	30,000	10	10		3 Years
22-03-2001	Cash	1,00,000	10	10		3 Years
16-11-2004	Transfer	3,00,000	10	10		3 Years
TOTAL		4,35,000			3.37	3 Years
4. Krishna Wanti						
26-09-1996	Shares received upon Conversion of partnership into Joint Stock Company as per the deed of settlement*	2,700	10	10		3 Years
31-03-1997	Cash	24,600	10	10		3 Years
15-03-2001	Cash	50,000	10	10		3 Years
22-03-2001	Cash	1,00,000	10	10		3 Years
31-03-2003	Cash	18,500	10	10		3 Years
16-11-2004	Transfer	2,50,162	10	10		3 Years
TOTAL		4,45,962			3.46	3 Years
GRAND TOTAL		26,28,331			20.39	

* For Details please refer to Note 7 to Capital Structure given on Page 16 of this Prospectus

From Mr. Gurbachan Juneja, Father of Mr. Mukesh Juneja

From Mr. Sumeet Juneja, Brother of Mr. Mukesh Juneja

4a. Details of aggregate shareholding of the promoter:

Date of Allotment/ Purchase/ (Transfer)	Consideration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post Issue Capital	Lock in Period
1. Mukesh Juneja						
26-09-1996	Shares received upon conversion of partnership into Joint Stock Company as per the deed of settlement *	2,200	10	10		3 Years
31-03-1997	Cash	37,200	10	10		3 Years
15-03-2001	Cash	50,000	10	10		3 Years
26-03-2001	Cash	1,00,000	10	10		3 Years
31-03-2003	Cash	27,500	10	10		3 Years
16-11-2004	Transfer	3,14,069	10	10		3 Years

20-11-2004	Gift#	7,15,600	10	Nil		3 Years
20.11.2004	Gift#	2,200	10	Nil		3 Years
11.11.2005	Cash	4,34,800	10	25		1 Year
TOTAL		16,91,569			13.13	
2. Parveen Khanna						
26-09-96	Shares received upon conversion of partnership into Joint Stock Company as per the deed of settlement *	1,600	10	10		3 Years
29-11-99	Cash	35,000	10	10		3 Years
26-03-01	Cash	1,00,000	10	10		3 Years
16-11-2004	Transfer	3,54,000	10	10		3 Years
Total		4,90,600			3.81	
3. Monika Juneja						
31-03-1997	Cash	5,000	10	10		3 Years
31-03-2000	Cash	30,000	10	10		3 Years
22-03-2001	Cash	1,00,000	10	10		3 Years
16-11-2004	Transfer	3,00,000	10	10		3 Years
11.11.2005	Cash	46,900	10	25		1 Year
TOTAL		4,81,900			3.74	
4. Krishna Wanti						
26-09-1996	Shares received upon conversion of partnership into Joint Stock Company as per the deed of settlement*	2,700	10	10		3 Years
31-03-1997	Cash	24,600	10	10		3 Years
15-03-2001	Cash	50,000	10	10		3 Years
22-03-2001	Cash	1,00,000	10	10		3 Years
31-03-2003	Cash	18,500	10	10		3 Years
16-11-2004	Transfer	2,50,162	10	10		3 Years
11.11.2005	Cash	1,03,000	10	25		1 Year
TOTAL		5,48,962			4.26	
GRAND TOTAL		32,13,031			24.94	

* For Details please refer to Note 7 to Capital Structure given on Page 16 of this Prospectus

From Mr. Gurbachan Juneja, Father of Mr. Mukesh Juneja

From Mr. Sumeet Juneja, Brother of Mr. Mukesh Juneja

4b. The details of the shareholding of persons other than Promoters:

The entire pre-issue capital of the Company shall be locked in for a period of 1 year from the date of allotment of Shares in the Public Issue.

Sl. No.	Name of Shareholder	No. of Shares	Face Value (Rs.)	% of Post Issue Capital	Lock in Period
1.	Rakesh Suri	1,600	10	0.01	1 year
2.	Satish Ahuja	1,600	10	0.01	1 year
3.	D. Krishna	44,000	10	0.34	1 year
4.	Charanjeet Singh	55,700	10	0.43	1 year
5.	Balbir Singh	13,000	10	0.10	1 year
6.	Joginder Pal	19,400	10	0.15	1 year
7.	Manoj Mittal	6,00,000	10	4.66	1 year
8.	C K Mehta	6,00,000	10	4.66	1 year
9.	Suresh Bohra	8,00,000	10	6.21	1 year
10.	Cremax Convertors (P) Ltd.	2,00,000	10	1.55	1 year
11.	Sonia Chand	1,00,000	10	0.78	1 year
12.	Yogesh Bahl	40,000	10	0.31	1 year
13.	Amit Khanna	40,000	10	0.31	1 year
14.	Sunil Mahajan	40,000	10	0.31	1 year
15.	Rakesh Juneja	1,15,300	10	0.90	1 year
	TOTAL	26,70,600		20.73	

5. Shareholding Pattern:

(a) The Pre-issue and Post-issue shareholding pattern of the Promoters and Promoter group is as under:

	Particulars	Pre-issue		Post Issue	
		No. of Shares @ Rs. 10/- each	% Holding	No. of Shares @ Rs. 10/- each	% Holding
A.	Promoters:				
	Mukesh Juneja	16,91,569	28.75	16,91,569	13.13
	Parveen Khanna	4,90,600	8.34	4,90,600	3.81
	Monica Juneja	4,81,900	8.19	4,81,900	3.74
	Krishna Wanti	5,48,962	9.33	5,48,962	4.26
B.	Companies in which 10% or more of the share capital is held by the promoter/ an immediate relative of the promoter/ a firm or HUF in which the promoter or any one or more of his immediate relatives is a member	Nil	Nil	Nil	Nil
C.	Companies in which the Company mentioned in (c) holds 10% or more of the share capital	Nil	Nil	Nil	Nil
D.	Any HUF or Firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total	Nil	Nil	Nil	Nil
E.	Others in promoter group	Nil	Nil	Nil	Nil
	TOTAL	32,13,031	54.61	32,13,031	24.94

As on the date of this Prospectus, there are no outstanding warrants, options or right to convert debentures or other financial instruments into our Equity Shares.

b) 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
Promoter	32,13,031	54.61	32,13,031	24.94
Non Promoter	26,70,600	45.39	26,70,600	20.73
FII's/ NRIs	—	—	27,50,000	21.34
Mutual Fund/ Banks/ Indian Financial Institutions	—	—	10,00,000	7.76
Retail Individual Investors	—	—	32,50,000	25.23
TOTAL	58,83,631	100.00	128,83,631	100.00

6. 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.	Mukesh Juneja	16,91,569	28.75
2.	Suresh Bohra	8,00,000	13.60
3.	C K Mehta	6,00,000	10.20
4.	Manoj Mittal	6,00,000	10.20
5.	Krishna Wanti	5,48,962	9.33
6.	Parveen Khanna	4,90,600	8.34
7.	Monika Juneja	4,81,900	8.19
8.	Cremax Convertors (P) Ltd.	2,00,000	3.40
9.	Rakesh Juneja	1,15,300	1.96
10.	Sonia Chand	1,00,000	1.70

(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.	Mukesh Juneja	1691569	28.75
2.	Suresh Bohra	800000	13.60
3.	C K Mehta	600000	10.20
4.	Manoj Mittal	600000	10.20
5.	Krishna Wanti	548962	9.33
6.	Parveen Khanna	490600	8.34
7.	Monika Juneja	481900	8.19
8.	Cremax Convertors (P) Ltd.	200000	3.40
9.	Rakesh Juneja	115300	1.96
10.	Sonia Chand	100000	1.70

(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.	Gurbachan Juneja	984262	21.68
2.	Krishna Engineering Works Limited	300000	6.61
3.	Mukesh Juneja	224900	4.95
4.	Krishna Wanti	195800	4.31
5.	Parveen Khanna	136600	3.01
6.	Joginder Pal	136000	2.99
7.	Monika Juneja	135000	2.97
8.	Amrik Singh	132000	2.90
9.	Sumeet Juneja	83000	1.83
10.	Sunil Sharma	58996	1.30

7. The Company was formed by conversion of Partnership firm M/s Krishna Engineering works into Joint Stock Company on 23rd September, 1996. Upon Formulation of Company the erstwhile partners of the partnership firm were allotted shares as per the deed of settlement as under.

Memorandum and articles of Association made and entered this 1st day of April, 1996 by and amongst:

1. Sh. Gurbachan Juneja, aged 56 years, S/o Sh. Sunder Singh, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of first part)
2. Sh. Parveen Khanna, aged 37 years, S/o Sh. C.D. Khanna, resident of 383-L, Model Town, Jalandhar (herein- after called the party of second part)
3. Sh. Rakesh Suri, aged 35 years, S/o Sh. Hans Raj Suri, resident of Pacca Bagh, Jalandhar (hereinafter called the party of third part)
4. Sh. Sumeet Juneja, aged 31 years, S/o Gurbachan Juneja, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of fifth part)
5. Sh. Mukesh Juneja, aged 26 years, S/o Gurbachan Juneja, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of seventh part)
6. Sh. Satish Ahuja, aged 40 years, S/o H.R. Ahuja, resident of NA-290, Kishanpura, Jalandhar (hereinafter called the party of sixth part)
7. Smt. Krishna Wanti, aged 51 years, W/o Sh. Gurbachan Juneja, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of seventh part)

whereas the party of 1st to 7th part carrying on the business of Manufacturing and resale of the Automobile components, Railway Components, Defence Components, Diesel Engine Parts, Pumps etc. In the partnership under the name and style of M/s Krishna Engineering Works, Ladowali Road, Jalandhar, since 1st day of April, 1995 and whereas the parties of 1st to 7th parts have decided that the said firm reformed in Joint Stock Company within the meaning of Sec. 566 of the Companies Act, 1956, w.e.f. 1st Day of April, 1996.

NOW THEREFORE THIS DEED WITNESSES AS UNDER:

1. i) The said persons for the better efficiency in the management of the said business and properties belonging thereto have agreed that the said Joint Stock Company should with effect from the day of incorporation be governed by the regulations following for carrying on and continuing the said business of the firm uninterrupted in a Joint stock Company having as Equity Share Capital of Rs. 1,00,00,000/- (Rs. One Crore Only) divided into 10,00,000 (Ten Lakh) Equity shares of Rs. 10/- (Rs. Ten Only) each out of the first subscribed and paid up capital will be Rs. 72,75,000/- only divided into 7,27,500 Equity shares of Rs. 10/- each

- ii) The parties have mutually settled the shareholding of the subscribed capital amongst themselves as the members of the said Joint stock Company in the following manner.

Sl. No.	Name of the Party	Amount	No. of Shares (Equity Shares of Rs. 10/- each)
1.	Sh. Gurbachan Juneja	71,56,000	7,15,600
2.	Sh. Parveen Khanna	16,000	1,600
3.	Sh. Rakesh Suri	16,000	1,600
4.	Sh. Sumeet Juneja	22,000	2,200
5.	Sh. Mukesh Juneja	22,000	2,200
6.	Sh. Satish Ahuja	16,000	1,600
7.	Smt. Krishna wanti	27,000	2,700

- iii) The business and assets and Liabilities of M/s Krishna Engineering Works shall be taken over and belong to and become the property of the Company by these presents shall be taken at their book value.
- iv) The assets of the said firm shall vest in the Company free from all claims by the subscribers as parties here to.
- v) The Company shall undertake, pay, observe, satisfy, perform and fulfil the agreements and the liabilities of the said firm in relation to the said business and assets brought in as aforesaid and shall indemnify them and the executors, administrators, estates, effects and effects from and against all action, proceedings, claims and demands in respect thereof.
- vi) The business in respect of the said assets shall be deemed to have been carried on as from the date of these presents on the Company's behalf and accordingly the said firm shall be allowed all payments and expenses incurred and shall account for all moneys and other benefits received by it in relation to such business as from that day.
- vii) No member shall be liable to pay calls or to contribute to an extent exceeding the amount for the time being unpaid or not credited as paid up on the shares held by him and on the incorporation of company the liability of member shall be limited.
- viii) The name of the Company is M/s Krishna Engineering Works and shall on registration be KEW Industries Limited and shall be governed by the Memorandum of Association and Articles of Association of the said company.
- 2. Buy Back and standby arrangements:** Neither the Company, its promoters, its Directors, nor the Lead Managers have entered into any buy-back and/or standby arrangements for purchase of our Equity Shares from any person.
3. We have not raised any bridge loan against the proceeds of this issue.
4. The Equity Shares offered through this public issue will be fully paid up.
5. The Company has not issued any shares out of revaluation reserves.
6. A Investor/applicant cannot make a application for more than the number of Equity Shares offered in this offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
7. There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any manner during the period commencing from the submission of offer document to SEBI on behalf of the Company for this public issue, till the securities offered to in the said document have been listed or the application moneys refunded on account of non-listing or under-subscription, etc.
8. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
9. No securities forming part of promoters' contribution consists of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
10. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

11. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relations, their group Companies or associate or by the above entities directly or indirectly to other persons.
12. The shareholders of the Company do not hold any warrant, option or convertible loan or any debentures, which would entitle them to acquire further shares of the Company.
13. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.
14. The promoters may pledge their equity shares with banks or financial institutions as additional security for loans if provided in the terms of sanction.
15. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold/transferred during the lock-in period. However, inter se transfers between the promoters themselves as such would be permitted, provided that the requirements of lock-in period guidelines continue to apply, to the extent initially prescribed.
16. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the Public.
17. 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 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, however if the Company goes in for acquisition 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.
18. 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 nearer multiple of minimum allotment lot.
19. In case of under subscription in the net offer to the public portion, spill over to the extent of under subscription shall be permitted from the reserved categories to the Net Public Offer portion.
20. The Authorised Share Capital of the Company on October 31, 2005 was Rs. 11,00,00,000/- (1,10,00,000 shares of Rs. 10 each) which has been increased on November 11, 2005 to Rs. 13,50,00,000/- divided into 1,35,00,000 shares of Rs. 10/- each
21. The Paid up Capital of the Company on October 31, 2005 is 46,83,631 shares. The Company made preferential allotment of 12,00,000 shares on 11th November, 2005 at the rate of Rs. 25/- per share including premium of Rs. 15/- each. The paid up share capital of the Company on the date of filing of prospectus is 58,83,631 shares.
22. 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.
23. Total members of shareholders of the Company as on the date of filing of Prospectus with Registrar of Companies (ROC) are 19 (Nineteen only).
24. There are no transactions of purchase/sale of shares by Promoters/ Promoters Group/ Directors/ Directors of the Promoters Company in last 6 months.

OBJECTS OF THE ISSUE

The net proceeds of the Issue after deducting Issue management fees, selling commissions, and all other Issue expenses payable by us are estimated at approximately Rs. 175 Lacs. For details of the Issue expenses, see the section titled "Other Regulatory and Statutory Disclosures - Expenses of the Issue" on page 93 of this Prospectus.

We intend to utilise the proceeds of the Issue for modernising and expanding manufacturing facility, expanding Research and Development facilities, meeting working capital requirement, expenses of the issue. The main object clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enable us to undertake our existing activities and activities for which the funds are being raised by us in the Issue.

The Objects of the issue are

1. To modernise and expand manufacturing facilities
2. To expand Research and Development facilities
3. To meet the working capital requirement
4. To meet the expenses of the issue

COST OF THE PROJECT:

Fund requirement as per Company's own estimates in accordance with the Objects of the Issue are as under:-

Particulars	Amount (Rs. in Lacs)
Plant & Machinery & civil structure	950.74
Testing Equipments for R&D	58.74
Working Capital requirement	915.52
Public Issue Expenses	175.00
TOTAL	2100.00

The Company is proposing to invest an amount of Rs. 1009.48 Lacs being 48.07% towards creation of tangible assets out of total proceeds of the Issue.

MEANS OF FINANCE:

Particulars	Amount (Rs. in Lacs)
Public Issue	2100.00
TOTAL	2100.00

The entire amount of the funds requirement is proposed to be funded through an IPO. In case of any shortfall in meeting project cost, the same shall be met through internal accruals. Excess money, if any, will be utilised for general corporate purposes including but not restricted to repayment of loans.

No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or group Companies.

Pending utilisation, the proceeds will be invested in high quality, interest/dividend bearing short term/long term instruments including deposits with the Banks, for the necessary duration. These investments would be authorised by the Board of Directors or a duly authorised committee thereof.

APPRAISAL:

The expansion Project of the Company has not been appraised by any Bank or Financial Institution or any external agency and as such all the funds requirements are based on management estimates.

MONITORING AGENCY:

Allahabad Bank vide letter Ref. No. CIJ/ADB/KEW/209 Dated 14 July 2006 has given consent to act as Monitoring Agency as per SEBI DIP Guidelines. As per the letter its duties *inter alia* include submission of report as per SEBI format on every six month basis.

PLANT AND MACHINERY:

The plant & machinery required for the proposed project is being finalised in consultation with the technical experts. The machinery will be procured by the indigenous manufacturers. The object to the issue is for Modernisation-cum-Expansion for the Automobile Production Line of the Company to meet increased demand of existing and regular automobile clients, i.e., Tata Motors and Ashok Leyland, and to cater the export market. The Company has been supplying to these domestic clients for the past three years. The Company is currently having an order of Rs. 4.50 crores per month from Tata Motors and Ashok Leyland. Besides this, the Company is also having confirmed orders to the tune of Rs. 2.50 crores as on date from the export market, which can be scaled up after the modernisation and expansion.

The Company is adding following high capacity CNC machines, which will modernise the CNC Section.

Description	Name of Supplier and Date of Quotation	Rate per M/c (Rs. in Lacs)	Quantity	Amount (Rs. in Lacs)
LML Precision Slant Bed CNC Lathe Model sml 750 with Spindle & Servo Drive and Fanuc System	M/s Sam Automation Technology Pvt. Ltd. 27/09/2005	41.02	8	328.16
LML – Vertical Machining Centreel 360	M/s Sam Automation Technology Pvt. Ltd. 27/09/2005	31.97	1	31.97
LML – Vertical CNC Machining Centre Model VML 800 with Fanuc OIM Systems and ATC 22 Tools Arm Type	M/s Sam Automation Technology Pvt. Ltd. 27/09/2005	28.35	2	56.70
Horizontal Centre Nexus 5000	M/s Sam Automation Technology Pvt. Ltd. 27/09/2005	65.41	1	65.41
Jyoti make SLANT BED CNC LATHE Model dx 350 complete with standard accessories	M/s Ashwani Kumar & Company	33.57	2	67.14
TOTAL			14	549.38

The other machines which are being installed are for expansion of the machine shop. List of the machines required for the same is given below:

Description	Name of Supplier and Date of Quotation	Rate per M/c (Rs. in Lacs)	Quantity	Amount (Rs. in Lacs)
Batliboi make vertical machining centre model Chetak-100 MC without automatic Tool Changer	M/s Batliboi Limited 26/09/2005	54.58	1	54.58
CNC Drill & Tap centre spindle BT 40 Stroke	M/s Ashwani Kumar & Company 24/09/2005	41.84	3	125.51
Vertical Milling Machine FN 3V	M/s Kapil Kumar and Company 26/09/2005	15.98	2	31.97
Horizontal milling machine	M/s Kapil Kumar and Company 26/09/2005	13.99	2	27.99

Description	Name of Supplier and Date of Quotation	Rate per M/c (Rs. in Lacs)	Quantity	Amount (Rs. in Lacs)
Two Head Fine Boring Machine	M/s Kapil Kumar and Company 26/09/2005	14.97	2	29.94
Radial Drilling Machine Max. Drill Dia Capacity 50 mm	M/s Jugal Kishore & Company 27/09/2005	9.95	4	39.81
Induction Hardening Machine 120 KW	M/s S.L. Graham & Co. 22/09/2005	41.20	1	41.20
Induction Hardening Machine 80 KW	M/s S.L. Graham & Co. 22/09/2005	27.26	1	27.26
Generator Set 300 KVA	M/s Jugal Kishore & Company 27/09/2005	18.10	1	18.10
TOTAL			17	396.36

The entire modernisation and expansion is proposed for automobile components manufacturing facility.

The Company is also planning construction of civil structure would include renovation, putting up partitions, changes in office and floorings. The cost of work would be Rs. 5 Lacs. The work of civil structure would be done in consultation with the technical consultants. The layout plans along with the cost estimates is under preparation.

Testing Equipments for Research and Development

The Company intends to purchase following Equipments:

(Rs. in Lacs.)

Lab and Testing Equipments	42.00
Material handling Equipments	16.74
TOTAL	58.74

WORKING CAPITAL:

The working capital requirement has been calculated on the basis of additional working capital required for increased activities. Inventories of Raw material, work in progress and finished goods have been taken at various levels, which in consonance with the industry practice and past trends. The additional working capital required subsequent to expansion is estimated to be Rs. 915.52 Lacs as detailed below:

Working Capital Requirements:

The Company has planned a major expansion of its existing capacity whereby the turnover of the Company is expected to increase. This increase in turnover would be achieved not only by increase in capital cost but also by an increase in working capital requirement. Hence there is need for additional working capital.

Perspective on the Present Working Capital vis-à-vis Projected Working Capital:

(Rs. in Lacs)

Particulars	Existing	Proposed
CURRENT ASSETS		
Raw Material	345.74	483.00
Stock in Process	339.22	527.00
Finished Goods	198.27	269.00
Consumables	100.00	60.00
Receivables	719.18	950.00
Advance to Suppliers	80.00	47.00
Other Current Assets	24.49	362.00
Cash and Bank Balances	40.00	87.00
TOTAL	1846.90	2785.00
CURRENT LIABILITIES		
Sundry Creditors	89.71	153.00
Other Current Liabilities	205.62	216.00
TOTAL	295.33	369.00
Working Capital Requirement	1551.57	2416.00
Less:- Margin Money	651.57	600.48
Less:- Existing Bank Limits	—	900.00
Net Working Capital Requirement	900.00	915.52

BASIS OF ESTIMATION OF WORKING CAPITAL REQUIREMENT:

The Raw material has been taken at 60 days level; Stock in process has been taken at 60 days level, Finished Goods at 30 days level, Receivables at 70 days level and Sundry Creditors at 20 days level as per Industry norms.

PUBLIC ISSUE EXPENSES:

Particulars	Amount (Rs. in Lacs)
Lead managers selling and other expenses	65.00
Advertising and Marketing Expenses	35.00
Printing and Stationery	25.00
Others (Registrar's fee, Listing fee, fee to Legal Advisor, etc.)	25.00
Miscellaneous	25.00
TOTAL	175.00

SCHEDULE OF IMPLEMENTATION:

	Commencement	Completion
Order & Purchase of Machinery	June 2006	November 2006
Erection & Commissioning of Machinery	December 2006	January 2007
Commencement of Trial Production	February 2007	February 2007
Commencement of Commercial Production	March 2007	—

FUNDS DEPLOYED:

As per the Certificate given by Auditors, M/s Brij Aggarwal & Associates, Chartered Accountants, Vide their letter dated July 8, 2006 the actual expenditure incurred upto 30th June, 2006, on the implementation of the project is Rs. 181.28 Lacs. The details are given below:

Particulars	Amount (Rs. in Lacs)
Plant and Machinery	121.79
Advance for Machinery	35.50
Testing Equipments	5.65
Public issue expenses	18.34
TOTAL	181.28

The above expenses have been met out of the cash accruals of the Company.

Year-wise Break-up of Proposed Deployment of Funds:

(Rs. in Lacs)

Deployment of Funds	Financial Year 2006–2007				Total
	Already Incurred	Quarter-2	Quarter-3	Quarter-4	
Plant & Machinery and Civil Structure	157.29	60.00	450.00	283.45	950.74
Testing Equipment for R & D	5.65	—	25.00	28.09	58.74
Working Capital	—	—	750.00	165.52	915.52
Public Issue Expenses	18.34	130.00	26.66	—	175.00
TOTAL	181.28	190.00	1251.66	477.06	2100.00

INTERIM USE OF FUNDS:

Pending any use as described above, KEW intends 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 Board of Directors of the Company or a duly authorised committee thereof.

ISSUE INFORMATION

BASIC TERMS OF THE PRESENT ISSUE:

The Equity Shares being issued are subject to the terms of this Prospectus, the terms and conditions contained in the Application form, the Memorandum and Articles of the Company, provisions of the Act, other applicable Acts and the letter of allotment/Equity Share Certificates or other documents and guidelines issued from time to time by Government of India, SEBI and Stock Exchanges.

TERMS OF PAYMENT:

Applications should be for a minimum of 170 equity shares and in multiples of 170 equity shares thereafter. The entire price of the equity shares of Rs. 30/- per share (Rs. 10/- face value + Rs. 20/- premium) is payable on application. In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

BASIS FOR ISSUE PRICE

QUALITATIVE FACTORS:

Factors External to us:

The demand for auto components in India is expected to grow at an annual average growth rate of 14.3% from 2003 to 2008. (Source: ACMA Industry Statistics). Cost considerations are resulting in a shift of the manufacturing base for auto ancillary components from Western Countries to India and China.

Factors Internal to us:

Diverse product portfolio: We are into manufacturing of components for Railways, Shell Bodies for Defence and Automobiles parts for Passenger Cars, Tractors and Heavy Transport Vehicles, which offers us advantage over our competitors.

Diverse customer base: Most of the production lines installed at our production facilities use state-of-the-art technology and equipment. Over the years our customer base has grown. Our Major Customers are M/s Ashok Leyland Limited, TELCO, M/s Punjab Tractors Limited, Indian Ordnance Factories under Ministry of Defence of India, Rail Coach Factory, Kapurthala.

Professional team: With strong infrastructure we have a team of dedicated professionals and technical experts working with us and we are in a position to produce handsome quantity of quality products.. For more details please refer to the paragraph titled 'Key Managerial Personnel' on page 55 of this prospectus.

Financial flexibility: We strive to utilise an optimal mix of debt and internal accruals to meet our fund requirements. Our lower leverage reduces our cost of debt funds.

QUANTITATIVE FACTORS:

Information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP appearing on page 61 of this Prospectus

1. Earning Per Share (EPS) of Equity Shares having Face Value of Rs. 10/- each

	EPS (Rs.)	Weight
2003-04	3.71	1
2004-05	5.76	2
2005-06	5.08	3
Weighted Average EPS	5.08	

2. Price Earning Ratio in relation to Issue Price of Rs. 30/- per Share

Particulars	P/E Ratio (Times)
(a) Based on F.Y. ending 31st March, 2006 EPS of Rs. 5.08 at the issue price of Rs. 30/-	5.91
(b) Auto Component Industry (PE Ratios)	
i) Highest: Setco Automotive	75.10
ii) Lowest: Raunaq Auto	5.90
iii) Average:	19.00

Source: Capital Market — Auto Ancillary Sector — July 3-16, 2006

Accounting Ratios of Some of the Companies in the similar Industry Group:

Though we cannot be strictly compared to other companies, the ratios of some companies having similar products are given below:

Particulars	EPS (Rs.)	P/E (Times)	RONW (%)	NAV (Rs.)
Amtek India	6.7	24.7	25.8	29.5
Amtek Auto	7.3	12.8	20.3	97
Rico Auto Inds.	2.9	24.8	40.1	18

Source: Capital market – Auto Ancillary Sector – July 3-16 2006

(Rs. in Lacs)

Company Name	Sales date for 2005–06	Sales date for 2004–05	Sales date for 2003–04
Amtek India	34727	28040	20809
Amtek Auto	6522	50596	*41225
RICO Auto	68800	59557	44981
KEW Industries Limited	4207	4078	3190

Source: www.moneycontrol.com

* Amtek Auto results reflects for 15 months.

3. Total percentage of Revenue accounted by the Clients of KEW separately:

Customer Name	Sale Data for 2005-06 (Rs. in Lacs)	Sale (%) for 2005–06
Tata Motors Ltd.	1642.56	39.04
Ashok Leyland Ltd.	1402.41	33.33
Ordnance Factories	762.49	18.12
Punjab Tractors Ltd.	126.68	3.02
Railway and Others	273.16	6.49
TOTAL	4207.30	100

4. Average Return on Net Worth

	RONW %	Weight
2003–04	16.67	1
2004–05	20.78	2
2005–06	15.56	3
Weighted Average	17.49	

Minimum Return on Total Net Worth needed after the issue to maintain pre-issue EPS of Rs. 5.08 at the price of Rs. 30/- per share 16.28%

5. Net Asset Value

Particulars	NAV (Rs. Per Share)
As at March 31, 2006	32.63
Post Issue at Rs. 30/-	31.20

6. The face value of our share is Rs. 10/- per share and the Issue Price is 3.0 times of the Face Value.
7. The Lead Manager believes that the Issue Price of Rs. 30/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report on page viii and 61 respectively of the Prospectus to have a more informed view about the investment propositions.
8. The Issue Price of Rs. 30/- has been determined by us in consultation with the Lead Manager and on the basis of assessment of market demand for the Equity Shares and is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

The Board of Directors
KEW Industries Limited
B-3 Focal Point
Jalandhar

Dear Sirs,

We hereby certify that the enclosed annexure states the tax benefits available to KEW Industries Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961, and other direct and indirect tax laws presently in force.

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

A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

For Brij Aggarwal & Associates

Chartered Accountants

Brij Bhushan Aggarwal

Partner

Membership No. 16974

Date: 8th July, 2006

Place: Jalandhar

STATEMENT OF TAX BENEFITS:

The following tax benefits shall be available to the Company and the prospective shareholders under Indian direct and indirect tax laws.

A. To the Company

Under the Income-tax Act, 1961 ("IT Act")

1. By virtue of Section 10(34) of the IT Act, income earned by way of dividend income referred to in Section 115O of the IT Act, from another domestic company is exempt from tax. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any A.Y. commencing on or after April, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT credit shall be available for set – off upto 5 years succeeding the year in which the MAT credit initially arose.
2. The corporate tax rate shall be 30% and surcharge on tax shall be 10%.
3. Under Section 32 the rates of depreciation on plant and machinery would normally be 15% and those on Furniture and fittings 10% and motor cars 15%. Initial depreciation on plant and machinery would be 20%.
4. In addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided/deemed to be provided to the employees.

B. To the Members of the Company

B1. Under the Income Tax Act, 1961

Resident Members

1. By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from domestic Company referred to in Section 115O of the IT Act, are exempt from tax in the hands of the shareholders.
2. In terms of Section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset being an equity shares in a Company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

- a. The transaction of sale of such equity share is entered into on or after 1st October, 2004.
 - b. The transaction is chargeable to such securities transaction tax as explained below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognised stock exchange is liable to securities transaction tax at the rate of 0.075% of the value payable by both buyer and seller. The non- delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller.
 4. The securities transaction tax will be charged from the assessment year 2006-07 as under:
 - (i) Delivery based purchase and sale of equity shares will be liable to Securities Transaction tax at the rate of 0.10%, and
 - (ii) Non-delivery based sale transactions will be liable to securities transaction tax at the rate of 0.02%.
 5. Certain transactions have been specifically excluded from the definition of a speculative transaction by Finance Act, 2006. Now an eligible transaction (a transaction which, *inter alia*, is carried out electronically on a recognised stock exchange) in derivatives will not be regarded as a speculative transaction. Consequently gain/ loss thereof will not be regarded as speculation gain/loss.
 6. In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
 7. In terms of Section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorised by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including dividend from their investments in the shares of the Company.
 8. Under Section 48 of the Act, if the Company's shares are sold after being held for more than twelve months, the gains (in cases not covered under Section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
 9. Under Section 54EC of the Act 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
 10. Under Section 54ED of the Act 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 exempt from capital gains tax if the capital gains 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.
 11. Under Section 54F of the Act, 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 years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

12. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (i.e., if shares are held for a period exceeding 12 months) (in cases not covered under Section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to Section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
13. Under Section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognised stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

Non-Resident Indians/Non-Resident Shareholders (Other than FIIs)

Apart from benefits as mentioned in points 1, 2, 3, 4, 5, 6, 9,10 and 11 of B above

14. Under Section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961, viz., "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:
 - (a) Under Section 115E of the Act, where shares in the Company are acquired or subscribed for in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months on a recognised stock exchange, shall (in cases not covered under Section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).
 - (b) Under provisions of Section 115F of the Act, long term capital gains (in cases not covered under Section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under Section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Foreign Institutional Investors (FIIs)

Apart from benefits as mentioned in points 1, 2, 3, 4, 9 and 10 of B. above

15. The income by way of short term capital gain or long term capital gains (not covered under Section 10(38) of the Act) realised by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the Income Tax Act, 1961.
 - (a) Short term capital gains — 30% (plus applicable surcharge)
 - (b) Long term capital gains — 10% (without cost indexation plus applicable surcharge).
(shares held in the Company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).

B2. Under the Wealth Tax Act, 1957

16. Shares held in a Company will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

B3. Under the Gift Tax Act, 1958

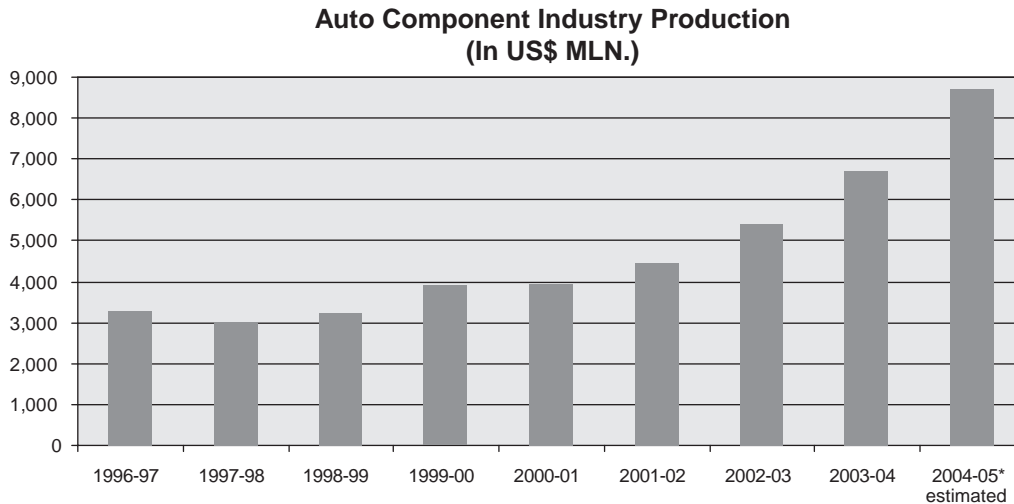
17. Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the Company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No.2) Act, 2006. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

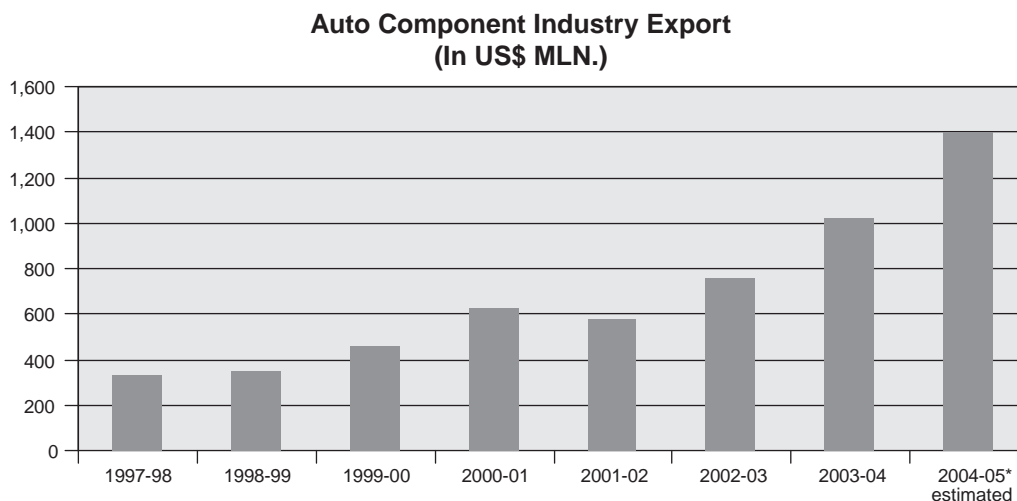
INDUSTRY

According to recent reports by ACMA, SIAM, the Indian auto component industry, powered by growing automobile sales in India, has witnessed consistent growth over the years. If current trends are any indication, the auto-component industry is poised for a period of sustained high growth fuelled by a robust domestic automotive market and by rapidly expanding global outsourcing business. The year 2004–2005 ended with an overall growth of more than 25% and with an export growth of more than 30% in the auto-component sector. According to the “Vision 2015” study recently conducted by Mckinsey & Co, the Indian passenger car market is poised to touch the 2 million mark by 2010 and 3 million by 2015, leading to a domestic market of US \$ 18-20 billion for auto-components in the next 10 years. Following is the Auto component industry production (in US \$ Million) from 1996 to 2005 which shows a clear increasing trend over the years:



Source: ACMA Industry statistics and Circular letter no: 2164/2004-05/6.12A from ACMA's President.

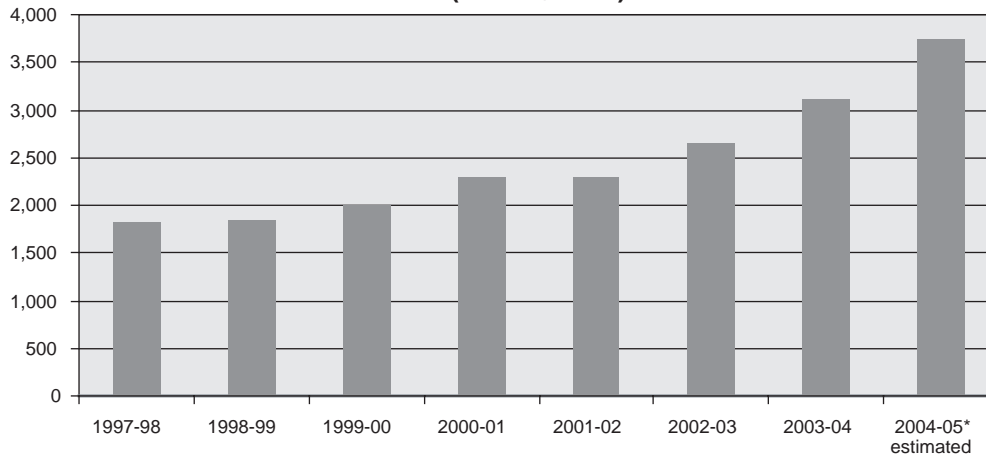
This, combined with the exports possibility of another US \$ 20-25 billion, the auto-component industry has the potential of achieving a total size of US \$ 40-45 billion by 2015. Following is the Auto component industry's exports from 1997 to 2005:



Source: ACMA Industry statistics and Circular letter no: 2164/2004-05/6.12A from ACMA's President.

Capacity utilisation in industry is at a high and most of the companies are actively engaged in enhancing capacities, making investments and even expanding their footprints within the country as well as abroad. Following are the details of investments Auto parts companies have done from 1997 to 2005:

Auto Component Industry Investment (IN US \$ MLN)



Source: ACMA Industry statistics and Circular letter no: 2164/2004-05/6.12A from ACMA's President.

Outsourcing Missions organised by ACMA to USA last year and to Europe recently have also re-enforced and validated the findings of the Mckinsey study.

The major business drivers in the industry are:

- India's Huge Geographic Spread – Mass Transport System
- Cheaper (Declining Interest Rates) & Easy Finance Schemes
- Replacement of Aging Four Wheelers
- Increasing Road Development and making of various National Highway Projects for example Golden Quadrilateral
- Increasing Disposable Income of Rural Agricultural Sector
- Higher GDP Growth
- Increasing Disposable Income with the Service Sector
- Graduating From Two Wheeler to Four Wheeler
- Growing Concept of Second Vehicle in Urban Areas
- Increasing desire of having own Vehicle

The major trends witnessed by the Company recently are:

- Growth across all manufacturing and service sectors (owing to accelerating Economy)
- Increasing competition (due to the entry of global companies of India)
- Plunging profit margins and more value added product to the consumer (due to fierce price competition among suppliers and rising awareness among buyers)
- Advancement in technology (since industry has begun to realise the benefits of technology due to free flow of information across developed and developing countries)

Some facts about Indian Auto Industry and Auto Component Industry:

- Production volume: 8.46 Million vehicles
- 4th Largest Passenger Vehicle Market in Asia
- 4th Largest Tractor Market in the World
- 5th Largest Commercial Vehicle Market in the World
- India's Multi Utility Vehicle segment growth in 2004-05: 24%

- India's Auto component exports in 2004-05 – USD 1.4 billion (16% of total output)
- Growth rate of auto components exports in 2004-05 – 31.6 % (estimated to touch USD 25 Billion by 2015)
- Estimated growth rate of auto component production in 2004-05 – 30% (estimated to touch 40 Billion by 2015)
- 480 companies producing world class auto components giving direct employment to 250,000 people

Source: Society of Indian Automobile Manufacturers (SIAM) & Automotive Components Manufacturer's Association (ACMA).

GOVERNMENT SUPPORT:

The Government is extending its full support in order to boost the automotive industry and derive maximum benefit from the growing industry. Following are some of the measures, which the Government has taken to promote investment in Indian Auto Industry:

- Reduction of peak customs duty from 20% to 15%
- Ease of export and import norms
- Tariff barriers: being reduced
- Non Tariff Barriers: Non existent
- Free Trade Agreements (FTA) with various ASEAN countries
- Setting up of Special Economic Zones (SEZ's) to provide tax benefit to budding companies

The vision of Auto Policy of Government of India goes:

“ To establish a globally competitive automotive industry in India and to double its contribution to the economy by 2010”

Source: Indian Automotive Industry Database 2005 published by Komal Publications, Gandhinagar, Gujarat.

This policy aims to promote integrated, phased, enduring and self-sustained growth of the Indian automotive industry. With the Government having such a vision, the Indian Auto Industry is destined to grow multi-folds.

OUR BUSINESS

KEW is the manufacturer and supplier of defence stores and automobile components for some renowned Original Equipment Manufacturers. Presently, it enjoys the reputation of manufacturer of automotive components and shell bodies for Ministry of Defence. The Company has its name for product range in the domestic and export market.

KEW manufacturer components of Alloys Steels, SG Iron and Cast Iron for both domestic and export markets. The Company has Laboratory and Modern Research & Development Department certified by the Ministry of Science & Technology. The Company gets the casting and forging process outsourced to vendors. The Names of the Vendors are disclosed on Page No. 38. The machining is done in-house to achieve the required dimensions and shapes.

The Company has a list of the auto players of the industry in its customer's portfolio. Its client portfolio includes Ashok Leyland Limited, Tata Motors, Punjab Tractors Limited, Indian Ordnance Factories under Ministry of Defence of India, Rail Coach Factory, Kapurthala.

LOCATION OF THE PROJECT:

The registered office of the Company is located at B-3 Focal Point, Jalandhar City, Punjab. The first manufacturing plant is also situated at B-3 Focal Point, and the other plant is situated at Ladowali Road Jalandhar. City, Punjab

The city has major road and rail connections, is a market for agricultural products, textiles, leather goods, wood products, auto ancillaries and sports goods.

PLANT, MACHINERY, TECHNOLOGY, PROCESS, ETC.:

KEW presently performs machining functions at its manufacturing units. The machine shop is fully equipped with latest technology backed up by quality control and Research and Development unit. All the products that are being produced pass through quality test control at each stage. The Company gets other services like forging and casting outsourced.

The process of manufacturing auto components manufactured by the Company passes through three main stages

1. Casting
2. Forging
3. Machining

Casting Process:

A casting may be defined as a "metal object obtained by allowing molten metal to solidify in a mould", the shape of the object being determined by the shape of the mould cavity.

Advantages of Casting:

There are many advantages of metal casting process. These often form the basis for choosing casting over other shaping processes such as machining, forging, welding, stamping, rolling, extruding, etc.

Machining procedures smooth surfaces and dimensional accuracy not obtainable in any other way; forging aids in developing the ultimate of fibre strength and toughness in steel; welding provides a convenient method of joining or fabricating wrought or cast products into more complex structures; and stamping produces lightweight sheet metal parts. Thus the engineer may select from a number of metal processing methods in one or combination, which is most suited to the needs of his work.

Reasons for the Success of the Casting Process are:

- The most intricate of shapes, both external and internal, can be made through casting. As a result, many other operations, such as machining, forging, and welding, can be minimised or eliminated.
- Due to physical properties, some metals can only be cast to shape since they cannot be hot-worked into bars, rods, plates, or other shapes from ingot form as a preliminary to other processing.
- Construction may be simplified. Objects may be cast in a single piece, which would otherwise require assembly of several pieces if made by other methods.
- Metal casting is a process highly adaptable to the requirements of mass production. Large numbers of pieces can be produced very rapidly. For example, in the automotive industry hundreds-thousands of cast engine blocks and transmission cases are produced each year.

FORGING:

Forging is the process by which metal is heated and is shaped by suitably applying compressive force. Usually the compressive force is in the form of hammer blows using a power hammer or a press.

Forging refines the grain structure and improves physical properties of the metal. With proper design, the grain flow can be oriented in the direction of principal stresses encountered in actual use. Grain flow is the direction of the pattern that the crystals take during plastic deformation. Physical properties (such as strength, ductility and toughness) are much better in a forging than in the base metal, which has, crystals randomly oriented.

Forgings are consistent from piece to piece, without any of the porosity, voids, inclusions and other defects. Thus, finishing operations such as machining do not expose voids, because there aren't any. Also coating operations such as plating or painting are straightforward due to a good surface, which needs very little preparation.

Forgings yield parts that have high strength to weight ratio-thus are often used in the design of aircraft frame members.

During the forging process, a metal work piece is plastically deformed by pressing, squeezing, or hammering forces - usually at temperatures ranging from 1050°C to 1250°C — so that it approaches its maximum theoretical density and the upper limits of the material's potential strength. The properties of the worked metal can be greatly enhanced by selecting the proper types and sequence of operations. The controlled process of deformation that takes place imparts exceptional metallurgical soundness and mechanical properties to the forging - structural integrity, impact strength, fracture toughness, fatigue life, and uniformity.

The manufacture of forged products can be carried out by several basic forging methods. The choice of method is determined by the quantity of parts to be produced, the characteristics of the material, and the configuration to be formed. There are basically four methods (or processes) to make a forged part.

- i) Impression Die Forging.
- ii) Cold Forging
- iii) Open Die Forging
- iv) Rolled Ring Forging

Equipments Used in Forging:

The type of machinery to be used depends on the shape, size, material, and number of pieces to be made. The forging hammers apply force by the impact of a large ram. This may be a drop hammer, or weight falling under the force of gravity, or it may be a power hammer, driven by steam or compressed air. Two types of power hammers are - the smith forging hammer and the drop hammer. The largest hammers can provide a total force as high as 80,000 pounds.

The main equipment used in forging are Smith Forging Hammer, Board Drop Hammer. Besides this Forging press are also used in the process. These are Hydraulic Forging Press, Mechanical Forging Press, Friction Screw Press and Power Press.

MACHINING PROCESS:

Machining is defined as the process of removal of material from a work-piece. It covers several processes, which are broadly classified into the following categories:

- Cutting — It involves single-point or multi-point cutting tools, each with a clearly defined geometry.
- Abrasive processes, such as grinding.
- Non traditional machining processes, utilising electrical, chemical, and optimal sources of energy.

The traditional machining includes primers on turning, milling, drilling, and grinding. It also includes computer applications that are being supported by the primers. The non-traditional machining includes primers on the topics like **Electrochemical Machining (ECM)**, **Electrical Discharge Machining (EDM)**, **Abrasive Flow Machining (AFM)**, and **Ultrasonic Machining (USM)**.

Traditional Machining:

1. **Turning:** Turning is the machining operation that produces cylindrical parts. In its basic form, it can be defined as the machining of an external surface:
 - with the work-piece rotating,
 - with a single-point cutting tool, and
 - with the cutting tool feeding parallel to the axis of the work-piece and at a distance that will remove the outer surface of the work.

The three primary factors in any basic turning operation are speed, feed, and depth of cut. Other factors such as kind of material and type of tool have a large influence, but these three are the ones the operator can change by adjusting the controls, right at the machine.

CNC Machines — With the invent of new technology, Computer Numerical Controlled (CNC) machines are being used in every kinds of manufacturing processes. In a CNC machine, functions like program storage, tool offset and tool compensation, program-editing capability, various degree of computation, and the ability to send and receive data from a variety of sources, including remote locations can be easily realised through on board computer. The computer can store multiple-part programs, recalling them as needed for different parts.

2. Milling — Milling is the process of cutting away material by feeding a work-piece past a rotating multiple tooth cutter. The cutting action of the many teeth around the milling cutter provides a fast method of machining. The machined surface may be flat, angular, or curved. The surface may also be milled to any combination of shapes. The machine for holding the work-piece, rotating the cutter, and feeding it is known as the Milling machine.

Methods of Milling:

Up Milling: Up milling is also referred to as conventional milling. The direction of the cutter rotation opposes the feed motion. For example, if the cutter rotates clockwise, the work-piece is fed to the right in up milling.

Down Milling: Down milling is also referred to as climb milling. The direction of cutter rotation is same as the feed motion. For example, if the cutter rotates counter-clockwise, the work-piece is fed to the right in down milling.

Drilling - Drill is defined as a rotary end cutting tool having one or more cutting lips, and having one or more helical or straight flutes for the passage of chips and the admission of a cutting fluid.

Parameters for Drilling:

- Depth of cut: The depth of the hole generated by the drilling process.
- Feed: The rate that the drill advances into the material, generally measured in distance per flute.
- Speed: The cutting speed is usually measured at the periphery of the drill in surface feet or meters per minute.
- Thrust: The axial force required for drilling.
- Torque: The twisting moment required for drilling.
- Surface Finish: The roughness of the walls of the drilled hole; a measure of the hole quality.

Non-Traditional Machining:

1. **Electrochemical Machining (ECM)** is similar to electro-polishing process. It is an electrochemical anodic dissolution process in which a direct current with high density and low voltage is passed between a work-piece and a pre-shaped tool (the cathode). At the anodic work-piece surface, metal is dissolved into metallic ions by the depilating reaction, and thus the tool shape is copied into the work-piece.

Being a non-mechanical metal removal process, ECM is capable of machining any electrically-conductive material with high tock removal rates regardless of their mechanical properties. In particular, removal rate in ECM is independent of the hardness, toughness and other properties of the material being machined. The use of ECM is most warranted in the manufacture of complex-shaped parts from materials. There is no need to use a tool made of a harder material than the work-piece, and there is practically no tool wear.

2. **Electrical Discharge Machining (EDM)** is one of the most accurate manufacturing processes available for creating complex or simple shapes and geometries within parts and assemblies. EDM works by eroding material in the path of electrical discharges that form an arc between an electrode tool and the work piece. EDM manufacturing is quite affordable and a very desirable manufacturing process when low counts or high accuracy is required.

3. **Abrasive Flow Machining (AFM)** process (two-way flow) uses two vertically opposed cylinders which extrude an abrasive media back and forth through passages formed by the work-piece and tooling. Abrasive action occurs wherever the media enters and passes through the most restrictive passages.

AFM is used in a wide range of finishing operations. It can simultaneously process multiple parts or many areas of a single work-piece. Inaccessible areas and complex internal passages can be finished economically and effectively. Automatic AFM systems are capable of handling thousands of parts per day, greatly reducing labour costs by eliminating tedious handwork. By understanding and controlling the process parameters, AFM can be applied to an impressive range of finishing operations that provide uniform, repeatable, predictable results.

4. **Ultrasonic Machining (USM)** is a ductile and tough tool is pushed against the work with a constant force. A constant stream of abrasive slurry passes between the tool and the work to provide abrasives and carry away fractured particles. The majority of the cutting action comes from an ultrasonic (cyclic) force applied in addition to the other force.

Existing Manufacturing Facilities at KEW

- **Machine Shop**

KEW has a fully equipped Machine Shop. The facility has a diverse range of machines and certain special purpose machines for finishing and coating. The Machine Shop is also equipped with new generation CNC machines, which are used for achieving higher accuracy.

Compositions of machines installed at KEW's Machine Shop are as follows:

Sl. No.	Particulars	No. of Machines
1.	CNC Vertical Balancing Machine	4
2.	CNC Horizontal Balancing Machine	4
3.	CNC Turning Centre	4
4.	Drilling Tap Centres and Manual Tooling	3
5.	Milling Machines	24
6.	Grinding Machines	6
7.	Copy Turning	6
8.	Special Purpose Machines	8
9.	Gear Shapers	2
10.	Fine Boring Machines	6
11.	Various Lathe Machines	35

- **Quality Control and Research & Development**

The focus of QC and R&D is on optimising machine time and improving product quality. KEW firmly believes in TOTAL QUALITY MANAGEMENT, Customer Satisfaction and continuous improvement in quality.

Quality Control

KEW's Quality System ensures quality consistency through proper procedures and practices in:

- Design
- Procurement
- Process
- Product and Service

KEW also ensures procurement quality through systematic vendor development, quality plan, and vendor up-gradation through vendor quality audit, inspection and training.

Research & Development

KEW has a large resource-pool of highly trained and qualified design engineers, supported by the latest design software and prototype development facilities. It has capability to design from the basic layout, load and interface data to final production. Its Engineers are continuously innovating to develop newer, better products.

Significant R&D activities are carried out by the department for —

- Development of new products.
- Improvement in manufacturing process of existing products.
- Development of assessment/analysis technologies and low-cost manufacturing methods.

KEW's R&D also advises its vendors for improvements in manufacturing techniques and process, with an objective to achieve savings in production costs in areas of materials, manpower and overheads.

Equipments in R&D and QC Department

Sl. No.	Name of the Machine	Make
1.	Ultrasonic Testing Machine	EEC, India
2.	3 Dimensional Co-ordinator Measuring Machine (Accord B6.5, 4F)	Jash, India
3.	Slip box, calibrated from NPL Accredited Lab	Mikrouix, India
4.	Vickers Hardness Tester	FIE, India
5.	Micrometers of different ranges	Mimitoyo, Japan
6.	Surface Roughness Tester	Mimitoyo, Japan
7.	Bore Gauges of different Ranges	Mimitoyo, Japan
8.	Dial Height Gauge	Mimitoyo, Japan
9.	Digital Vernier Caliper	Mimitoyo, Japan
10.	Sine Bar & Bevel Protector	Mimitoyo, Japan
11.	Salt Spray Tester with Digital L.E.D Display Temperature Indicator cum Controller & Digital Time Totaliser	Khushboo Scientific, India
12.	Coating Thickness Gauge with Probe & Plastic Foils	Khushboo Scientific, India
13.	Flow Cup with NPL Certificate for Office Dimensions	Khushboo Scientific, India
14.	Profile Projector- (M 600-Horizontal)	Mitola Instruments, India

COLLABORATIONS:

The Company presently does not have any collaborations.

INFRASTRUCTURE FACILITIES:

Raw Material:

The Company gets its forging & Casting requirements outsourced from the following vendors:

- i) Kastek India, G.T. Road, Jalandhar.
- ii) Gaman Industries, Industrial Area, Jalandhar.
- iii) Diamond International, Bulandpur Road, Jalandhar.
- iv) Krishna Engineering Works Ltd., A-20, Focal Point, Jalandhar.
- v) Economic Industries, G.T. Road, Jamalpur, Phagwara.
- vi) Supreme Steels, G.T. Road, Jamalpur, Phagwara
- vii) Vardhman Industries, C-94, Focal Point, Jalandhar.

Auto parts are made of different grades of steel as per the product specifications. The Company also procures forged and cast goods for machining.

Quality of Raw Material:

The main material used in auto parts is Steel, which is easily available. Steel is an alloy of Iron and Carbon together with some other elements. The Carbon content in Steel does not exceed 1.7%. The properties of Steel and its forging conditions depends on the content of various alloying elements.

The Quality of Steel always determines:

- The time and temperature required for the heating of Steel.
- The heating conditions and number of heats during the forging operations.
- The capacity of the forging equipments.
- The method of making the forgings.
- The heat treatment and cooling conditions

Therefore, the quality of raw material determines the quality of finished products.

Sources of Supply of Raw Material

The main raw material required is steel of different grades depending upon the product and its application. The raw material required is easily available in the indigenous market. Some of the well-known & established manufacturers supplying high quality products are:

- Vardhman Special Steel
- Modern Steels Limited
- Aarti Steels Ltd.
- Tata Metaliks Ltd.
- Bhushan Ltd.
- Ludhiana Steel Rolling Mills Ltd.

The Company is procuring the above said Raw Materials from these reputed suppliers for last many years and as such company do not foresee any problems in contained procurement of Raw Materials from these manufacturers also.

A particular supplier is selected on the basis of quality, pricing, and availability of a particular grade of material and other considerations.

The requirement for raw material for the proposed expansion will be easily met through the domestic market:**Utilities:**

The following are the major utilities & services required for the proposed project:

- Power Supply and Distribution system
- Water system
- Air system

Power:

The Company has regular supply of power from the Punjab Electricity board and has not faced any major power cuts. KEW is applying to the Electricity board for the additional power requirement. As the state has surplus electricity, the Company do not foresee any difficulty in getting additional load needed for the expansion project.

Additional power requirements for the proposed expansion will be approx. 200 KV.

Water:

Water is mainly required for the purpose of cooling of the hammers, Air component, a small part of the requirement being for drinking, sanitary and other miscellaneous purposes.

The requirement of water shall be met from the borewell at the site and from the industrial area authority.

Air:

Compressed air will be required for the operation of hammers as well as for the general cleaning of various items of equipment. The major authorised of compressed air will be for the machine centres and presses.

For compressed air, necessary provision of installing air compressor of adequate capacity has been envisaged in the project. Other arrangements required for the distribution of compressed air to various points of operation, suitable pipelines, valves, pressure regulating devices, receiver, etc. have been provided for.

Manpower:

Currently there are 72 people employed in the Company. Apart from this we also engage contract labour. We have good relations with our employees. In future we may require additional manpower. There is easy availability of additional technical and non-technical workers around the place of work of the Company and we do not foresee any problem in hiring manpower.

PRODUCTS:

KEW machines components of Alloys Steels, SG Iron and Cast Iron for both domestic and export markets for automobiles. With backward integration, KEW will now manufacture the products that were being outsourced.

KEW has created a brand for its quality products by delivering unique expertise and capability in various spheres of production. The products produced by KEW find their utility in the following sectors:

- Auto ancillary
- Defence
- Railways

KEW was the pioneer company to step into the manufacturing of defence parts and got recognition from the **Ministry of Defence**.

Product Line:

The Company's main products lines are as under

NAME OF THE PRODUCT		
<p><u>AUTOMOBILE COMPONENTS</u></p> <ul style="list-style-type: none"> • Differential Cases & Cover assembly. • Wheel Hubs • Helper Brackets & Spring Shackle • B.C. Lever • Clutch Release Yoke • Tie Rod • Sub Link Road Assembly for HCV • Fly wheel Assemblies • Brake Drums • Axle Hub • Tie Rod End • Steering & Mounting Bracket • Steering & Gear Shifting Bracket • Spring Bracket • Hub and Slide support • Shackle suspension linkages • Ventilated Brake Disc • Brake Housing 	<p><u>DEFENCE</u></p> <p>The Company produces following products for Indian Ordinance Factory.</p> <ul style="list-style-type: none"> • Bomb Shell 51 mm • Bomb Shell 81 mm • Bomb Shell 120 mm 	<p><u>RAILWAYS</u></p> <p>The Company manufactures following products for Indian Railways.</p> <ul style="list-style-type: none"> • Guide Assembly • Lower Spring Seat • Centre Pivot Pin • Control Arm and Lower Lift

Product Range

Auto Components

- SG Iron Casted products — These products are used in heavy commercial vehicles. The main customers of the Company are Tata Motors Ltd., Ashok Leyland Ltd. And Punjab Tractors Ltd.
- Cast Iron Products — These products are used by MUV segments and tractors. The major customers in this segment are Tata Motors Ltd. And Ashok Leyland Limited.

Forged Products:

These products are used in Heavy Commercial Vehicles.

The major customers in this segment are Tata Motors Limited and Ashok Leyland Limited

The products for the export market include Swivel, Tie Rod, Fork and Eye Bolt.

Products for Defence Sector:

The Company manufactures Bomb shells of 120mm and 51mm for the Ministry of Defence.

Railways:

KEW manufactures components, viz., Control Arm, Brake Support and Axle Box, etc., for Indian Railways,

Future Vision:

With the change in domestic and international market scenario, KEW has started diversifying its concentration towards Automobile sector. The supply orders in the automotive sector are expected to be of large quantity and steady over a long duration. Along with this, KEW will continue to cater the demand from Ministry of Defence and Indian Railways.

BUSINESS STRATEGY:**Strategy of Company to Grow Its Business:**

The Company is striving hard to increase its business presence across its core business area, i.e., manufacturing of world class automotive components through various activities. The growth witnessed by automotive sector has also created significant opportunities for auto component manufacturers which supports expansion and investment. We at KEW are also determined to take advantage of this scenario by undertaking many activities such as:

i) New Facility Creation and Upgradation/Expansion of Existing Facilities:

The demand for our products is increasing day-by-day due to increase in vehicle manufacturing in India. In some areas we need to invest in order to cater to the growing demand. For this the Company has planned to go for investment in plant & machinery, building and civil construction, modernisation of existing plants, addition of new facilities, etc.

ii) Enhanced Export Market:

The Company is planning to thrust on exports and has started exporting its products for over past six months. The Company is exporting automobile components to CBM HPA, Italy and Defontaine, France. The Company is in the process of expanding its customer base in foreign market.

iii) Identification of Market Opportunities:

The Company intends to extend the existing range of its products to include a wider range of automotive parts. The Company also intends to go for manufacturing of technologically advanced products by upgrading its technical capabilities.

iv) Enhancement of Customer Base and Aggressive Marketing to Grab and Secure more Business:

KEW intends to continue to grow its business by adding new customers, both, domestic as well as international. The Company aims to do this by leveraging their marketing skills and relationships and further enhancing customer satisfaction.

v) Strengthening Sourcing Capabilities:

Today supplier selection forms an integral part of the entire supply chain. KEW keeps identifying new and more efficient suppliers to reduce costs, reduce time of delivery, improve quality and reduce lead times.

vi) Reduction Operational Costs and Improvement of the Bottom Line:

The Company is taking steps to reduce its operational costs and overheads to increase competitiveness in the tough market. This is being done through cutting overheads, improving efficiency and maximum utilisation of resources at all level of operations.

Capacity and Capacity Utilisation:

We manufacture a variety of products in different shapes and sizes with diversified specifications for a number of automobiles. Consequently it is not possible to quantify production in uniform units.

Our Competitive Strengths”

- **KEW has a** R&D unit authorised by the Ministry of Science & Technology.
- KEW was the first unit in the private sector to be entrusted with the manufacture of 155mm artillery shells for Bofors Guns and is the only manufacturer in India beside the Government’s defence components manufacturing facilities.

Insurance:

We maintain insurance to cover our stock, breakdown of plant and machinery, export consignment and vehicles. It has been pointed out to us that our insurance coverage is inadequate. We are taking steps to get ourselves adequately insured. We at present are insured with New India Assurance Company Limited.

Property:

The Company has the following Properties:

1. The Company has leased space at B-3, Focal Point, Jalandhar 144 001, where its registered office and manufacturing facility is located. It is leased from Punjab Small Industries & Export Corporation Limited for a period of ninety nine years by way of registered lease deed.
2. The Company has leased space at Ladowali Road, Jalandhar-144 001, where one of its manufacturing facilities is located. It is leased from Virendar Juneja by way of registered lease deed. Mr. Virendar Juneja is brother of Mr. Mukesh Juneja, our Managing Director.

STATEMENT OF INDEBTEDNESS

1. Secured Loans

A. Working Capital Loans:

(Rs. in Lacs)

Sl. No.	Name of Lender	Loan Documentation	Overall Limits Available	Interest Rate	Repayment Schedule	Security Created	Outstanding Amount as on 31st March, 2006
1.	State Bank of India, Allahabad Bank — in consortium*	Working Capital consortium Agreement and Deed of Hypothecation dated 06-06-2003	State Bank of India Cash Credit (B/D) — Rs. 300.00 Lacs Bank Guarantee Rs. 360.00 Lacs Allahabad Bank# Cash Credit (Hyp) — Rs. 200.00 Lacs Cash Credit (B/D) — Rs. 100.00 Lacs	Rate of Interest 4% + PLR Extent of operation 100%	Repayable on Demand	Hypothecation and/or pledge of current assets and all other moveables both present and future, second mortgage and charge after charges created in favour of other term lenders on borrowers immoveable and moveable properties, both present and future.\$	State Bank of India Cash Credit (Hyp) — Rs. 302.82 Cash Credit (B/D) — Rs. 303.25 Allahabad Bank Rs. 303.29
TOTAL							Rs. 909.36

2. Term Loans:

(Rs. in Lacs)

1.	The Citizen Urban Co-operative Bank Limited	Agreement dated 22-03-2003	Term Loan of Rs. 60.00 Lacs	Interest — 14% p.a. Margin-25% Extent of operation — 100%	Repayable in 60 monthly instalments of Rs. 13,800/- each	Hypothecation of machinery	68.37
2.	The Citizen Urban Co-operative Bank Limited	Agreement dated 30-03-2000	Term loan of Rs. 100.00 Lacs	Interest 16.5% p.a. Margin-25% Extent of operation — 100%	Repayable in 60 monthly instalments	Hypothecation of machinery	70.24
3.	Punjab Financial Corporation	Further Mortgage deed dated 31-03-1998 Sanction Letter dated 11-03-1998	Term Loan of Rs. 108.00 Lacs	Interest — 17% extent of operation — 100%	Repayable in 48 monthly instalments of Rs. 2.25 Lacs each starting 15-03-1999 ⁺	Mortgage of property on EH-61 and B IX/ Z/ 2632 situated at Ladowall Road, Jalandhar	105.00

Sl. No.	Name of Lender	Loan Documentation	Overall Limits Available	Interest Rate	Repayment Schedule	Security Created	Outstanding Amount as on 31st March, 2006
4.	Punjab Financial Corporation	Mortgage deed dated 15-02-2000 Sanction Letter dated 10-09-1999	Term Loan of Rs. 105.00 Lacs	Interest — 18% extent of operation 100%	Repayable in 24 quarterly instalments starting from 01-12-2000 ⁺	Mortgage of property no. EH-61 and b IX/Z/2632 situated at Ladowali Road, Jalandhar	104.99
5.	Punjab Financial Corporation — Term Loan taken by Krishna Engineering Works (sole proprietorship concern) which was later converted into partnership subsequently into a Joint Stock Company**	Further deed of mortgage dated 21-06-1991	Term Loan of Rs. 37.30 Lacs	Interest payable at the rate of 14% p.a.	Loan repayable in half yearly instalments Rs. 2.48 Lacs payable in first 5 instalments for each instalment and Rs. 2.49 Lacs payable for the remaining instalments for ment	All immoveable properties plant and machinery and other assets of the concern.	16.98
TOTAL							365.58

3. Unsecured Loans

(Rs. in Lacs)

1.	L&T Finance Limited Term Loan against supply of Invoices raised on Ashok Leyland Limited	Agreement dated 29-12-2004	Term Loan of Rs. 350 Lacs	Interest at the rate of 10% p.a.	Amount repayable monthly in arrear on default, liquidated damages at the rate of 18% p.a. on the defaulting amount(s) for the period of default is payable	—	339.11
2.	L & T Finance Limited	—	Credit facilities against Bills discounting	@10%		—	137.94
TOTAL							477.05

\$ Second charge was created on immovable properties in favour of State Bank of India vide Tripartite Agreement dated 14th December, 2001, which has yet to be filed with the Registrar of Companies for Registration.

+ Repayment of instalments is pending since October 2004.

Charge in favour of Allahbad Bank for Cash Credit of Rs. 300 Lacs was filed separately

* Original Agreement with State Bank of India dated 17.02.1997 modified on 02.04.1997, 07.01.1998, 03.02.1998, 18.03.2000, 30.01.2001, 8.12.2001 and 06.06.2003.

** for details regarding conversion of the partnership into a joint stock company, Please refer to section "History and Corporate Matters" on page 47 of this Prospectus.

@ Agreement originally entered into for Bills discounting which has since been converted to hire purchase, repayment schedule of which has not yet authorise.

The details of outstanding amount of unsecured and Secured loans as on 31st March, 2006, as forming part of the Statement of Financial Results in Annexure XIII and Annexure XIV as given by the Auditor of the Company is given below:

(For details please refer to the section titled "Financial Statements" given on page 61 of this Prospectus.

Unsecured Loans:

(Rs. in Lacs)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 21, 2006
From bodies corporate Security from Staff & Customers Fixed Deposits Redeemable Non-Convertible Debentures Others (I.D.B.I B/D)	400.00	386.20	579.41	602.50	477.05
TOTAL	400.00	386.20	639.96	602.50	477.05

Secured Loans:

(Rs. in Lacs)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 21, 2006
Term Loan	374.37	402.96	385.59	368.86	365.58
Working Capital	705.84	817.52	907.07	910.84	909.36
TOTAL	1080.21	1220.48	1292.66	1279.70	1274.94

Restrictive Clauses under the above agreements

1. Loan agreement with L&T Finance Limited — The repayment will be made by M/s Ashok Leyland Limited (ALL) to the lender and in case of any default or shortfall, the Borrower, i. e., KEW Industries Limited undertakes to repay the principal amount of the loan along with the interest on loan.
2. We have agreed to utilise the amount of sanctioned loan only for the purpose for which it has been sanctioned and no deviation in the scheme will be made without prior approval of the concerned party.
3. We have agreed that the Corporation shall have the right to appoint its nominee/s on the Board of directors of the Company
4. We shall not pay dividends interest more than 12% on the share capital, interest on long term deposit from public respectively unless we have paid the instalment of principal and interest falling due each year.
5. As per consortium agreement with the State Bank of India and the Allahabad Bank-
 - i) We shall not without obtaining the prior consent of the Lead Bank declare any dividend on our share capital.
 - ii) We shall not effect any change in our capital structure without obtaining the prior consent of the Lead Banker.
 - iii) We shall not formulate any scheme of Amalgamation or Reconstruction without obtaining the prior consent of the Lead Banker.
 - iv) We shall not implement any scheme of Expansion/ Diversification/Modernisation other than incurring routine capital expenditure without obtaining the prior consent of the Lead Banker.
 - v) We shall not make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with, any other concern except give normal trade credits.
 - vi) We shall not undertake guarantee obligations on behalf of any third party or any other Company.

REGULATIONS AND POLICIES IN INDIA

Key Industry Regulation:

There is no specific regulation in India governing the manufacturing of automotive parts. For defence products we have registration certificate from Ministry of Defence, which is valid till 31st August, 2006. The following regulations and legislations are the significant laws, which broadly govern automobile ancillary industry in India.

Private sector Participation and FDI:

The defence industry sector, which was so far reserved for the public sector, has now been opened up for participation by the Indian Private sector. The Indian companies are now eligible to apply for license to set up defence industry for manufacture of all types of defence equipment. In a bid to achieve indigenous content in defence system to the extent of 70 per cent by 2005, the Government has allowed private sector participation in production of defence items upto 100 per cent with Foreign Direct Investment (FDI) permissible upto 26 per cent.

Detailed guidelines have already been issued by the Department of Industrial Policy & Promotion (DIPP) in consultation with the Ministry of Defence setting out the modalities for consideration of applications for grant of license.

Foreign Investment Regulations:

The new industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently, the industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. In subsequent years, the Government The details of outstanding amount of unsecured and Secured loans as on 31st March, 2006, as forming part of the Statement of Financial Results in Annexure XIII and Annexure XIV as given by the Auditor of the Company is given below:

(For details please refer to the section titled "Financial Statements" given on page 61 of this Prospectus.

has further liberalised the foreign investment régime. At present, investments in companies manufacturing auto components fall under the RBI automatic approval route for Foreign Direct Investment/NRI investment upto 100%.

Excise Regulations:

The Central Excise Act, 1944, seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. However, the Government has the power to exempt certain specified goods from excise duty, by notification. The rate at which the said duty is sought to be imposed is contained in the Central Excise Tariff Act.. At present excise duty is at the rate of 16% of the value of the goods calculated in accordance with the said Act. An additional 2% education cess has been levied and therefore, the aggregate excise duty is 16.32% *ad valorem*.

Customs Regulations:

All imports to the country or exports from the country are subject to duties under the Customs Act, 1962, at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from excise duty, by notification.

Environmental and Other Regulations:

We have to comply with the provisions of the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous Waste (Management and Handling) Rules, 1989, and the Hazardous Chemicals Rules, 1989. Companies manufacturing automotive parts and bomb shell also frequently obtain approvals under various other legislations.

Factories Act, 1948, and other industrial and Labour legislations are also applicable to our company.

HISTORY AND CORPORATE MATTERS

KEW was originally formed as a proprietary concern in 1963 by Mr. Gurbachan Juneja as the sole proprietor, under the name and style of "Krishna Engineering Works". With effect from 1st April, 1995, the proprietary concern was converted into a partnership concern with six other partners namely, Sh. Parveen Khanna, Sh. Rakesh Suri, Sh. Sumeet Juneja, Sh. Mukesh Juneja, Sh. Satish Ahuja, Smt. Krishna Wanti. From 23rd September, 1996, it was converted into a limited Company under Chapter IX of the Companies Act, 1956, and became a Public limited Company under the name and style of "KEW Industries Limited" as per the deed of settlement given hereunder. Our Original Promoters were seven partners of erstwhile partnership firm namely Shri Gurbachan Juneja, Parveen Khanna, Rakesh Suri, Sumeet Juneja, Mukesh Juneja, Satish Ahuja, Smt Krishnawanti. Shri Gurbachan Juneja is father of Shri Sumit Juneja and Shri Mukesh Juneja. Smt Krishnawanti is wife of Shri Gurbachan Juneja. They held the initial equity in new company in their partnership ratio. The first directors of the Company were Mr. Gurbachan Juneja, Shri Parveen Khanna and Shri Mukesh Juneja. Shri Gurbachan Juneja resigned from Directorship on 15/06/2002. Our present promoters is Mr. Mukesh Juneja who is our Managing Director since 26th November, 2003, and Mr. Parveen Khanna who is our Promoter Director.

DEED OF SETTLEMENT:

Memorandum and articles of Association made and entered this 1st day of April, 1996, by and amongst:

1. Sh. Gurbachan Juneja, aged 56 years, S/o Sh. Sunder Singh, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of first part)
2. Sh. Parveen Khanna, aged 37 years, S/o Sh. C.D. Khanna, resident of 383-L, Model Town, Jalandhar (hereinafter called the party of second part)
3. Sh. Rakesh Suri, aged 35 years, S/o Sh. Hans Raj Suri, resident of Pacca Bagh, Jalandhar (hereinafter called the party of third part)
4. Sh. Sumeet Juneja, aged 31 years, S/o Gurbachan Juneja, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of fifth part)
5. Sh. Mukesh Juneja, aged 26 years, S/o Gurbachan Juneja, resident of EH-58, Ladowali Road, Jalandhar (hereinafter called the party of seventh part)
6. Sh. Satish Ahuja, aged 40 years, S/o H.R. Ahuja, resident of NA-290, Kishanpura, Jalandhar (hereinafter called the party of sixth part)
7. Smt. Krishna Wanti, aged 51 years, W/o Sh. Gurbachan Juneja, resident of EH-58, Ladowali Road,, Jalandhar (hereinafter called the party of seventh part)

Whereas the party of 1st to 7th part carrying on the business of manufacturing and resale of Automobile Components, Railway Components, Defence Components, Diesel Engine Parts, Pumps etc. in partnership under the name and style of M/s Krishna engineering Works Ladowali Road, Jalandhar since 1st day of April, 1995.

And whereas the parties of 1st to 7th part have decided that the said firm be formed a joint stock company within the meaning of Section 566 of the Companies Act, 1956, w.e.f. 1st day of April, 1996.

NOW THEREFORE THIS DEED WITNESSES AS UNDER:

1. The said persons for the better efficiency in the management of the said business and properties belonging thereto have agreed that the said Joint Stock Company should with effect from the day of incorporation be governed by the regulations following for carrying on and continuing the said business of the firm uninterrupted in a Joint stock Company having as Equity Share Capital of Rs. 1,00,00,000/- (Rs. One Crore only) divided into 10,00,000 (Ten Lakh) Equity shares of Rs. 10/- (Rs. Ten) each out of the first subscribed and paid up capital will be Rs. 72,75,000/- only divided into 7,27,500 Equity shares of Rs. 10/- each.
2. The parties have mutually settled the shareholding of the subscribed capital amongst themselves as the members of the said Joint stock Company in the following manner.

Sl. No.	Name of the party	Amount	No. of Shares (Equity Shares of Rs. 10/- each)
1.	Sh. Gurbachan Juneja	71,56,000	7,15,600
2.	Sh. Parveen Khanna	16,000	1,600
3.	Sh. Rakesh Suri	16,000	1,600
4.	Sh. Sumeet Juneja	22,000	2,200
5.	Sh. Mukesh Juneja	22,000	2,200
6.	Sh. Satish Ahuja	16,000	1,600
7.	Smt. Krishna wanti	27,000	2,700
	TOTAL	72,75,000	7,27,500

3. The business, assets and Liabilities of M/s Krishna Engineering Works shall be taken over and become the property of the Company by these presents shall be taken at their book value.
4. The assets of the said firm shall vest in the Company free from all claims by the subscribers as parties here to.
5. The Company shall undertake, pay, observe, satisfy, perform and fulfil the agreements and the liabilities of the said firm in relation to the said business and assets brought in as aforesaid and shall indemnify them and the executors, administrators, estates, effects and effects from against all action, proceedings, claims and demands in respect thereof.
6. The business in respect of the said assets shall be deemed to have been carried on as from the date of these presents on the Company's behalf and accordingly the said firm shall be allowed all payments and expenses incurred and shall account for all moneys and other benefits received by it in relation to such business as from that day.
7. No member shall be liable to pay calls or to contribute to an extent exceeding the amount for the time being unpaid or not credited as paid up on the shares held by him and on the incorporation of company the liability of member shall be limited.
8. The name of the Company is M/s Krishna Engineering Works and shall on registration be KEW Industries limited and shall be governed by the Memorandum of association and articles of association of the said company.

The Company started its operations to manufacture Diesel Engine Components. Since then the Company has come long way and established itself as manufacturer of Automotive components and shell bodies for bombs for Ministry of Defence.

Apart from making a formidable presence in the Auto Component Market, KEW has been carrying out the critical business of production of Hi-Tech & Sophisticated stores for country's defence production. It produces wide range of products with great precision, accuracy, reliability and high quality standard which has always been the hallmark of the Company. KEW has created a niche for itself by demonstrating its unique expertise and capability in various spheres of production of autoparts, defence and railway components.

With rapid strides professional excellence, dedicated high technical competence and total quality management KEW has established itself today as one of the manufacturers of Automotive, Railways, Defence and Farm Sector in India. KEW has the unique Machining with in-house Laboratory and R& D facilities.

Today KEW is one of the established manufacturers of Automobile Components and has been catering the demand of automobile giants like Tata Motors Limited, Ashok Leyland Ltd. and Punjab Tractors Limited. Besides this the Company is supplying its products to Ministry of Defence and Railways. The Company has developed many components for LHB Coaches which are being supplied to Rail Coach Factory, Kapurthala.

Major Events:

Year	Event
1963	Commenced manufacturing of Diesel Engine parts and components
1972	Launch of Mono Block Pumps for agriculture and general applications
1980	KEW's engineering facilities got recognition from Ministry of Defence, Government of India. The Company gets approval as a civil manufacturer for supply of small bomb shells and other ammunition parts to ordinance factories under Ministry of Defence, Government of India
1990	Diversification into manufacturing of tractor parts
1995	Conversion into a partnership concern
1996	Conversion into Public Limited Company. Commenced development work in large size bombshell bodies
1998	Setting up of unit at Focal point Jalandhar
1999	Chosen as the first private supplier for manufacture and supply of 155 mm bomb shells for Bofors Gun
2001	Expansion of automotive component manufacturing unit
2003	Became OEM supplier to TATA Motors Limited and Ashok Leyland Limited.
2004	Commenced exports of automotive components

Our R&D unit was authorised by the Ministry of Science & Technology vide its letter no. TU/IV-RD/2376/2003 dated 17th October, 2003. The recognition is valid upto 31st March 2006.

Our Main Objects of the Company:

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

1. To carry on the business of manufacturing and resale or otherwise deal in Diesel engine parts, railway components, automobile components, defence components, pumps, motors and all forging and engineering items of Railway, Defence and general industry.
2. To carry on the business of manufacture, fabricate, and assemble and dealer in auto parts, automobile parts and agricultural implements of all kinds and descriptions, automotive and other gears, shafts, sprockets, ratchets, levers, hubs, transmission axle, universal joints, spring, spring leaves, head beams, component parts, P.V.C auto spares parts, accessories and fittings of all kinds for the said articles and things used in connection with the manufacture thereof, alloy springs, steel billets, steel castings, flats and bars, pressed and other engineering item sand other related items for motor cars, motor trucks, buses, tractors, vans, jeeps, lorries, motor launches, aeroplanes, sea planes, motor cycles, scooter, three- wheeler, cycle and vehicles and conveyance of all kinds.
3. To carry on the business of iron makers, iron founders, metal founders, steel makers, metal pressers, metal forgers, metal rollers, metal workers, metal converters, steel plate makers, wire drawers, wire rope makers, makers of small tools, hand tools, carpentry tools, machine tools, cutting tools, garage tools, precision measuring tools, measuring tapes, cycle parts, auto parts, sewing machine and its parts, nuts and bolts, hardware goods, gardening implements, agricultural implements and other like products and to carry on the business of engineering consultants and technicians, mechanical engineers, contractors and all or any business of the founders of all metals ferrous and non-ferrous, tool makers, boils, mill wrights, machinist, smith smelters, welders, wood makers, tube, pipe and tank maker, platters, elector platters, fitters and to buy, sell manufacture, export, import and deal in all or any of the above specified articles and products and all articles and products made from metals, wire and metallic substances as also all types of plants and machinery equipment, appliances, apparatus and also parts and components parts and other ancillary equipments and tools used or capable of being used in connection therewith and other parts of the machinery and other articles and things as may from time to time be necessary or required for the business and manufacturing activity of the Company.
4. To carry on the business of manufacturing, buying, selling, reselling, sub- contracting, exchanging, hiring, altering, importing, exporting, improving, assembling, distributing, servicing, repairing and dealing in as original equipment manufactures as also on a jobbing industry basis and in any other capacity all and every kinds of machineries, components parts, replacement parts, spare parts, accessories, tools, implements and fitting of all kinds inclusive of all types of axles and all relevant axle

assembly, components parts and accessories, propeller shafts and universal joints ornamentation and decorative parts for motors, vehicles, trucks, tractors, motor-lories, motor-cycles, motor-cars, cycles, scooter, buses, omni buses, locomotives, tanks, ships, engines, wagons, boats, barges, launches, submarines, aeroplanes, airships, sea-panes, air crafts spaceships, spacecrafts, rockets, space shuttles of every description and other vehicles and products of all description whether propelled or used by means of petrol, spirit, steam, oil vapour, gas, coal, electricity, petroleum atoms or any other motive o mechanical power in India.

5. To carry on the business as manufacturers, importers, exporters, dealers, repairs, buyers, sellers, engineers, fabricating and forging of all types of Automobile parts, Railway parts, Defence Components.

Subsidiary Companies:

Presently we do not have any subsidiary Company.

Shareholders Agreements:

We do not have any subsisting Shareholding agreements as on the date of filing this Prospectus.

Other Agreements:

We have not entered into any other type of agreements except lease agreement in respect of our manufacturing facility at Ladowali Road, Jalandhar with Shri Varinder Paul Juneja, who is brother of our Managing Director, Shri Mukesh Juneja.

Strategic Partners:

Presently we do not have any strategic partners.

Financial Partners:

Presently we do not have any financial partners.

OUR MANAGEMENT

Board of Directors:

As per our Articles of Association our Company cannot have less than three directors or more than twelve directors. The following table sets forth current details regarding our Board of Directors:

Name, Designation, Occupation and Term	Father's Name	Age	Address	Other Directorships	Qualifications
Mr. Mukesh Juneja Managing Director, Promoter Director, Tenure as Managing Director ends on 30th June, 2010	Sh. Gurbachan Juneja	37	EH-58, Ladowali Road, Jalandhar 144 001	Nil	Matric
Mr. Parveen Khanna, Promoter Director Tenure: Liable to Retire by rotation	Sh. C.D. Khanna	48	H.No. 383-L, Model Town, Jalandhar	Nil	B.A.
Mr. Amarjit Singh Gogna Independent Director Tenure: Liable to Retire by rotation	Late Sh. Raj Ram Gonga	62	55, Nildin Enclave, PO Golmuri, Jamshedpur 831 003	Nil	B.E. (Mechanical)
Gp. Capt. M.K. Labroo (Retd.) Independent Director Tenure: Liable to Retire by rotation	Late Sh. N.N. Labroo	59	P-531, Sector-21, Noida-201 301	Unique Aviation Services Pvt. Ltd., New Delhi	B.Sc., B.Tech. (Aero, MIT)
Mr. Ashok Kumar Independent Director Tenure: Liable to Retire by rotation	Late Sh. Kailash Chand	59	D-14, Chander Nagar, Ghaziabad (UP)	Nil	B.E. (Chemical) M.Tech.

Mr. Mukesh Juneja, Managing Director, Promoter Director

He is involved in day-to-day affairs of the Company. He has over 12 years of experience in the line of production and marketing. He is overall in-charge of KEW and is coordinating all activities, viz., Marketing, Production and Finance. He is being assisted by a team of qualified and experienced technical and executive personnel. He has good relationships with the automobile manufacturers and suppliers of raw materials.

Parveen Khanna, Promoter Director

Mr. Parveen Khanna is the Promoter Director of the Company. He has a vast experience in marketing of various automobile products and components. His experience has given benefit to our Company in entering exports market.

Shri Amarjit Singh Gogna, Director

He has retired as Chief Operating Officer of Tata Motors Limited in 2003. He has a vast experience of domestic and international automobile industry. KEW is benefited by the valuable experience of Mr. Gogna in areas of production, marketing, maintenance of machine tools & plant, plant services, machine tool manufacturing etc.

Group Captain Shri M.K Labroo (Retd.), Director

He has 32 years of experience in engineering. He retired as Head of Quality Assurance Establishment at Jabalpur under Directorate General of Aeronautical Quality Assurance, Ministry of Defence, Government of India. His Educational Qualifications include Management qualification in Marketing, Industrial Security & Safety, Personal Management & Relations and Post Graduate diploma in Business Management.

Ashok Kumar, Director

He is a Chemical Engineer and has done courses in Finance, Marketing and Management. In the year 1971 he joined the batch of officers selected for ISI (now known as BIS) service Cadre and was engaged in providing technical services to the industry for establishing quality control, standardisation of various products and process. He joined IFCI in 1982 and worked for project evaluation, appraising and monitoring follow up actions for the project. He subsequently worked as Senior Manager in the Merchant Banking Division of IFCI and retired as Senior General Manager.

Borrowing Powers of the Directors in our Company

Pursuant to a resolution passed by our shareholders in its meeting held on 30th September, 2005, and in accordance with provisions of the Companies Act, 1956 our Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions and with/without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 3000 Lacs.

Details of Appointment and Compensation of our Whole Time Director

Mr. Mukesh Juneja

Mr. Mukesh Juneja was appointed as Managing Director vide Resolution passed at the EGM held on 26th November, 2003, at a salary of Rs. 9000/- per month and was reappointed on revised terms vide Resolution passed at the EGM held on 1st July 2005 for a term extending up to 30th June, 2010, on such terms of salary as stated below:

Details of Remuneration:

Salary:

Rs. 25,000/- Per Month (In grade of Rs. 25000 – 2500 – 35000)

Perquisites:

Category "A"

1. Housing — The expenditure by the Company on hiring unfurnished accommodation not exceeding Rs. 5,000/- per month.
2. Medical Reimbursement — Expenses incurred for Managing Director and his family subject to a ceiling of one month's salary in a year or five month's salary over a period of five years.
3. Leave Travel Concession- For the Managing Director and his family once in a year to and fro for any place in India for which only actual Rail/ Air fares and no hotel accommodation is allowed subject to a maximum of one month's salary.

Category "B"

1. Contribution to Provident Fund, Superannuation Fund, or Annuity Fund will not be considered to be a perquisite to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity, if payable, will not exceed half month's salary for each completed year of service.
3. Earned Leave with full pay and allowances not exceeding one month's leave for every one eleven month's of service.
4. Encashment of leave at the end of the tenure.

Category "C"

1. Free use of Company's car for Company's business.
2. Free telephone facility.
3. Provision of car for use on Company's business and telephone at residence, will not be considered as perquisites.

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. Company intends to comply with such provisions, including with respect to the appointment of independent Directors in the Board.

Company's Philosophy on Code of Corporate Governance:

Company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency and accountability in all facets of its operations, interaction with shareholders, employees, Government and lenders.

Composition of Board of Directors:

The Board of directors of the Company shall has an optimum combination of executive and non-executive directors as envisaged in Clause 49 of the listing agreement, with not less than fifty percent of the board of directors comprising of non-executive directors. Moreover, since the Chairman of the Board is a Executive director, accordingly not less than Fifty percent of the Board comprises of independent directors.

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

- (a) Audit Committee
- (b) Shareholders/ Investor Relation and Grievance Committee
- (c) Remuneration Committee

Audit Committee:

The audit committee comprises three independent non-executive Directors, namely, Mr. Ashok Kumar. Mr. Amarjit Singh Gogna, and Group Capt. M.L. Labroo (Retd.), Mr. Ashok Kumar is the chairman of the audit committee. Ms. Taranjeet Kaur, Company Secretary, acts as the secretary to the audit committee, as required under the listing agreements. The broad terms of reference of the audit committee *inter alia* include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - (b) Changes, if any, in accounting policies and practices and reasons for the same
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management
 - (d) Significant adjustments made in the financial statements arising out of audit findings
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation I: The term “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation II: If the Company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

Shareholders/Investor relation and Grievance Committee:

This committee of the Board of Directors monitors shares transfers, transmissions, splits, consolidation dematerialisation and re-materialisation, performance of the Registrar and Transfer agent and also redressal of shareholders' grievances like transfer of shares, non receipt of dividend or Dividend warrant, non receipt of Balance sheet, etc., and recommends majors for the overall improvement of the quality of investor services. It comprises three Directors namely, group. Capt. M.K. Labroo, Mr. Ashok Kumar and Mr. Parveen Khanna. Group Capt. M.K. Labroo is the chairman of the shareholders committee. Our Board of Directors has nominated. Mrs. Taranjeet Kaur as the compliance officer in terms of Clause 47 of the listing agreements to be entered into with the Stock Exchanges.

Remuneration Committee:

It comprises three Directors namely, Gp. Capt. M.K. Labroo (Retd.), Mr. Ashok Kumar and Mr. Amarjit Singh Gogna. Group Capt. M.K. Labroo (Retd.) is the Chairman of the remuneration committee. The terms of reference of the Remuneration Committee in brief pertain to determine the Company's policy on and approve specific remuneration packages for Executive Director(s)/ Managers within the limit provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said Act.

Shareholding of Directors in our Company:

Our Articles of Association do not require our Directors to hold any Equity Shares. The following table details the shareholding of our Directors:

Name of Directors	Number of Equity Shares:			
	Pre Issue	%	Post Issue	%
Mr. Mukesh Juneja	1691569	28.75	1691569	13.13
Mr. Parveen Khanna	490600	8.34	490600	3.81
Mr. Amrjit Singh Gogna	Nil	Nil	Nil	Nil
Group Capt. M. K. Labroo (Retd.)	Nil	Nil	Nil	Nil
Mr. Ashok Kumar	Nil	Nil	Nil	Nil

Interest of our Directors

All our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. The executive directors are interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

All our Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue 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. Our Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Changes in our Board of Directors during the last three years

The changes in our Board of Directors during the last three years are as follows:

Name of Director	Date of Appointment	Date of Cessation	Reason
Mr. Varinder Juneja	25-12-2000	22-11-2002	Resigned as Director as well as MD
Mr. Mukesh Juneja	26-11-2003	—	Appointed as Managing Director
Group Cap. M.L. Labroo (Retd.)	25-02-2005	—	Appointed as Additional. Director
Mr. Amarjit Singh Gogna	25-02-2005	—	Appointed as Additional. Director
Mr. Rakesh Suri	5-11-1999	25-02-2005	Resigned as Director
Mr. Ashok Kumar	30-11-2005	—	Appointed as Additional. Director

Management Organisation Structure:

Our management organisation structure is set forth below:

ORGANISATIONAL STRUCTURE OF KEW INDUSTRIES LTD.**Key Managerial Personnel:**

Name	Age	Designation	Qualification	Experience	Date of Joining	Previous Employment
Mr. Satish Ahuja	51	VP (Finance)	Post Graduate	30 Years	23.09.1996	Krishna Engineering Works
Mr. S.L. Dhall	69	Purchase Manager	Diploma in Civil Engineering B.E.	47 Years	23.09.1996	Krishna Engineering Works
Mr. L.S. Rana	38	Senior Engineer	Diploma in Mechanical Engineering	15 Years	01.07.1998	RIICO Auto Industries
Mr. Ashok Sharma	44	Manager, Quality Control	Diploma in Mechanical Engineering	20 Years	23-09-1996	Krishna Engineering Works
Ms. Nidhi Oberoi	23	Personal Manager	M.B.A.	2 Years	16.07.2005	Part time in CDAC, Computer Education, Jalandhar
Ms. Taranjeet Kaur		Company Secretary	C.S.	5 Months	01.01.2006	Dabon International Pvt. Ltd.
Mr. Ajay Babbar	45	Manager Finance	C.A., LLB	21 Years	01.04.2006	Satia Synthetics Ltd.

Mr. Satish Ahuja

He is post graduate in Commerce. He completed his post graduation in the year 1976 and immediately after that joined Thappar Group. From May, 1977 he joined Jalandhar Motor Agency Ltd. Delhi. He joined M/s Krishna Engineering Works (the erstwhile partnership) in June 80 and had since been working in the Company. He is Vice-President (Finance) and heading the Finance and Accounts Department of the Company.

Mr. S.L. Dhall

He looks after the purchase functions in the Company. He holds a Diploma in civil engineering and has vast experience of about 47 years. He retired from the post of Sub divisional officer in 1994 after putting in 37 years of service on prestigious projects like Bhakra Dam and Beas Dam.

Mr. Ashok Sharma

He holds a Diploma in Mechanical Engineering and heads the Quality Control Department of the Company. He joined the Company in the year 1996 and thus has been in service of the Company since its inception.

Mr. L.S. Rana

He looks after both Production and planning of machined products, Development of new products, Designing and manufacturing of tools, jig fixtures, patterns and dies for forgings and CNC programming (both turning and matching centres in our Company. He holds a Diploma in Mechanical Engineering and has experience of about 7 years in this field. He has also worked in RIICO Auto Industries Ltd. and Dominant Offset Ltd. earlier in his career.

Ms. Nidhi Oberoi

She is working in the capacity of Personal Manager in our Company and carries out all the functions pertaining to the relevant field in our Company. She holds M.B.A. degree Human Resource Management is her specialised area. Besides this she has also Certification course in ORACLE, Diploma in office Automation & Financial Accounting and Diploma in Computer Programming.

Ms. Taranjeet Kaur

She is working as Company Secretary of the Company and takes care of the Secretarial matters of the Company.

Mr. Ajay Babbar

He is a Chartered Accountant and Law Graduate and working in the capacity of Manager Finance in our company and carries out all the functions pertaining to Accounts and Finance.

Shareholding of the Key Managerial Personnel:

The following table details the shareholding of our key managerial personnel as on date:

Name	No. of Equity Shares (Pre Issue)
Mr. Satish Ahuja	1,600
Mr. S.L. Dhall	Nil
Mr. L.S. Rana	Nil
Mr. Ashok Sharma	Nil
Ms. Nidhi Oberoi	Nil
Ms. Taranjeet Kaur	Nil
Mr. Ajay Babbar	Nil

Bonus or Profit Sharing Plan for our Key Managerial Personnel:

Our Company has not paid any bonus to the key managerial personnel of our Company.

Changes in our Key Managerial Employees during the last one year:

The changes in our key managerial employees during the last one year are as follows:

Name	Date of Appointment as Key Managerial Employees	Whether Continuing, if not, Date of Cessation	Remarks
Ms. Nidhi Oberoi	16.07.2005	Continuing	Appointment
Ms. Kavita Bansal	01.08.2005	01.01.2006	Resignation
Ms. Taranjeet Kaur	01.01.2006	Continuing	Appointment
Mr. Ajay Babbar	01.04.2006	Continuing	Appointment

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

No other amount or benefit has been paid 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 the services rendered as the directors, officers or employees.

The persons whose name appears as key management personnel are on the rolls of the Company as a permanent employee.

OUR PROMOTERS

Our Company was incorporated on September 23, 1996 by conversion of partnership firm M/s Krishna Engineering works into a public limited company. The seven partners of erstwhile partnership firm namely Shri Gurbachan Juneja, Parveen Khanna, Rakesh Suri, Sumeet Juneja, Mukesh Juneja, Satish Ahuja, and Smt Krishnawanti were our original promoters. The first directors of the Company were Mr. Gurbachan Juneja, Shri Parveen Khanna and Shri Mukesh Juneja. Shri Gurbachan Juneja resigned from Directorship on 15/06/2002 and has since been not involved in affairs of the Company. Subsequent to family partition he gifted his entire holding (7,15,600 equity shares) in our company to Mr. Mukesh Juneja on 20.11.2004. Our present promoter Mr. Mukesh Juneja who is our Managing Director since 26th Nov., 2003, and Mr. Parveen Khanna who is our Promoter Director. We do not have any Group/Associate Company relating to our present Promoters except one partnership firm M/s S M Engineering Works from which Mr. Mukesh Juneja has disassociated himself from 15/04/2004. [for details please refer to section on group companies appearing on page 78 of this prospectus.]

MR. MUKESH JUNEJA, MANAGING DIRECTOR



Mr. Mukesh Juneja, a resident Indian national, 36 years, is having wide experience in automotive components, forging and casting industry. He gained experience by working with M/s Krishna Engineering Works (erstwhile partnership concern) at the start of his career. He was instrumental in market development and addition of elite customers in the clientele of M/s Krishna Engineering Works. The Company diversified into manufacturing of defence stores and automobile components. Since then the Company has been running profitably and established a name in the market. He has been responsible for overall operations and growth of KEW Industries Limited since inception. He has more than 12 years of experience in various facets of business like Marketing, Production and Finance. A team of qualified and experienced technical and executive personnel is assisting him. He has strong relationships with the automobile manufacturers and suppliers of raw materials.

Personal Details of the Promoter:

Passport Number	E 6355912
Voters ID	Not yet applied
Driving License Number	DR-763
PAN	AALPJ4986B

Declaration — It is confirmed that PAN, Bank Account details and Passport No. of Mr. Mukesh Juneja have being submitted to the Stock Exchange(s) on which Equity Shares are proposed to be listed.

MR. PRAVEEN KHANNA, DIRECTOR



Mr. Parveen Khanna is Promoter Director of the Company. He has a vast experience in marketing of various automobile products and components. His experience has given benefit to our Company in entering the exports market.

Personal Details of the Promoter:

Passport Number	—
Voters ID	—
Driving License Number	R17221
PAN	AFBPK0846G

Declaration — It is confirmed that PAN, Bank Account details of Mr. Parveen Khanna have being submitted to the Stock Exchange(s) on which Equity Shares are proposed to be listed.

MONIKA JUNEJA

Mrs. Monika Juneja is wife of Mr. Mukesh Juneja. She is associated with the Company since 1997 and is also involved in the welfare activities of the Company.

Personal Details of the Promoter:

Passport Number	B 3781307
Voters ID	—
Driving License Number	—
PAN	AAZPJ9595J

Declaration — It is confirmed that PAN, Bank Account details of Mrs. Monika Juneja have being submitted to the Stock Exchange(s) on which Equity Shares are proposed to be listed.

KRISHNA WANTI

Mrs. Krishna Wanti is the mother of Mr. Mukesh Juneja. She was a partner in the erstwhile Partnership concern M/s Krishna Engineering Works and associated with the Company since inception.

Personal Details of the Promoter:

Passport Number	A 6860794
Voters ID	—
Driving License Number	—
PAN	AADPW3038P

Declaration — It is confirmed that PAN, Bank Account details of Mrs. Krishna Wanti have being submitted to the Stock Exchange(s) on which Equity Shares are proposed to be listed.

Common Pursuits:

There are no common pursuits in the business of the Company and other companies promoted by the promoter other than as described in the Prospectus

Interest of Promoter(s):

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

Promoters are not interested in any property acquired by KEW Industries Limited within two years from the date of the Prospectus except as stated under the section "Our Business" on page 34.

Promoters are not interested in any loan or advance given by the Company; neither they are beneficiary of any such loans or advances.

Payment of Benefits to the Promoter(s) of the Company:

Except as stated in the prospectus under paragraph "Details of Appointment and Compensation of Our Directors" under the heading "Our management" on page no. 51 no amount or benefit has been paid or given within the two preceding year or is intended to be paid or given to any of our promoters.

Related Party Transactions:

For the details of Related Party Transactions please refer to Annexure 15 of the Financial Statement on page 73.

CURRENCY OF PRESENTATION

In this Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One Hundred Thousand” and the word “Million” means “Ten Lacs” and the word “Crore” means “Ten Million” and the word “Billion” means “One Thousand Million” and the word “Trillion” means “One Thousand Billion”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off. Throughout this Prospectus, all the figures have been expressed in “Lac of Rupees”, except when stated otherwise. All references to “Rupees” and “Rs.” in this Prospectus are to the legal currency of India.

Dividend Policy:

Dividends may be declared at the Annual General Meeting of the shareholders based on recommendation by the Board of Directors.

The Board of Directors may recommend dividends, in their discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans, and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

The Company has not declared any dividend till date.

FINANCIAL STATEMENTS

Auditors' Report

The Board of Directors
KEW INDUSTRIES LTD.
Ladowali Road,
Jalandhar

We have examined and found correct the Audited Accounts of M/s KEW Industries Ltd. for the past five financial years ended on March 31 2002 2003, 2004, 2005, and 2006 the last date up to which the accounts of the Company have been made up and audited by us. 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 financial years ended March 31 2002 2003, 2004, 2005, and 2006 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 March 31 2002 2003, 2004, 2005, and 2006 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 year ended March 31 2002, 2003, 2004, 2005, and 2006 are 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 2002, 2003, 2004, 2005, and 2006 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. Capitalisation Statement 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 qualifications appearing in the audit Report as given in Annexure XVII to this report
 12. Details of changes in Significant Accounting Policies as given in Annexure XVIII 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 and 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 Brij Aggarwal & Associates

Chartered Accountants

Brij Aggarwal

Partner

Date: April 29, 2006

Place: Jalandhar

STATEMENT OF ASSETS AND LIABILITIES:

(Rs. in Lacs)

	PARTICULARS	MARCH 31, 2002	MARCH 31, 2003	MARCH 31, 2004	MARCH 31, 2005	MARCH 31, 2006
A.	FIXED ASSETS					
	Gross Block	1483.48	1680.00	1856.76	2098.79	2332.21
	Less: Depreciation	183.39	273.89	392.55	533.97	690.48
	Net Block	1300.09	1406.11	1464.21	1564.82	1641.73
	Capital work in progress	0.00	26.96	3.46	1.37	3.74
	TOTAL FIXED ASSETS(A)	1300.09	1433.07	1467.67	1566.19	1645.47
B.	INVESTMENT (B)	5.28	5.28	5.28	5.28	5.28
C.	CURRENT ASSETS, LOANS AND ADVANCES					
	Inventories	588.14	774.04	796.53	1199.44	1155.83
	Sundry Debtors	628.92	523.25	1104.66	984.12	1316.47
	Cash & Bank Balance	80.18	79.67	33.01	31.37	41.03
	Loans & Advances	59.43	123.20	38.85	69.12	77.37
	TOTAL (C)	1356.67	1500.16	1973.05	2284.05	2590.70
D.	LIABILITIES & PROVISIONS					
	Secured Loans	1080.21	1220.47	1292.66	1279.70	1274.94
	Unsecured Loans	400.00	386.20	639.96	602.50	477.05
	Current Liabilities	289.59	262.90	243.97	221.80	233.50
	Provisions	15.41	17.74	20.48	33.07	24.75
	Sale tax Deferment	142.33	170.49	206.01	264.63	268.56
	Share Application money	33.87	—	—	155.32	43.02
	TOTAL (D)	1961.41	2057.80	2403.08	2557.02	2321.82
E.	Net Worth (A+B+C-D)	700.63	880.71	1042.92	1298.50	1919.63
F.	REPRESENTED BY:					
	1. Share Capital	395.39	453.79	468.36	468.36	588.36
	2. Share Premium	—	—	—	—	180.00
	3. Reserves & Surplus	305.24	512.16	685.97	955.75	1254.45
	4. Unamortised deferred Revenue Exp.	0.00	85.24	111.41	125.61	103.18
	Net Worth (1 + 2 + 3 – 4)	700.63	880.71	1042.92	1298.50	1919.63

STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	MARCH 31, 2002	MARCH 31, 2003	MARCH 31, 2004	MARCH 31, 2005	MARCH 31, 2006
INCOME					
Sales	3453.30	1952.17	3189.69	4078.10	4207.30
Less: Excise Duty	501.78	151.20	148.32	208.98	246.25
NET SALES	2951.52	1800.97	3041.37	3869.12	3961.05
Other Income/Jobwork	3.65	883.98	68.95	2.11	24.82
Increase/(Decrease) in Stocks	57.84	269.29	53.69	(43.51)	(20.98)
TOTAL	3013.01	2954.24	3164.01	3827.72	3964.89
EXPENDITURE					
Material Consumed	1536.30	1551.51	2191.39	2801.41	2777.73
Manufacturing Exp.	677.22	622.88	256.41	173.85	272.65
Administrative Exp.	54.66	53.75	47.10	56.30	47.11
Selling Exp.	105.01	91.93	47.60	61.14	110.84
Personnel Exp.	80.59	72.86	44.10	35.32	41.21
Finance Exp. (other than Interest)	11.02	11.86	7.02	8.00	7.74
Deferred Revenue Exp. w/off	0.0	0.0	17.05	25.69	33.67
TOTAL	2464.80	2404.79	2610.67	3161.71	3290.95
Profit before Intt. Dep. and Tax	548.21	549.45	553.34	666.01	673.94
Interest Charges	257.08	219.66	237.74	221.41	193.99
Profit before Dep. and Tax	291.13	329.79	315.60	444.60	479.95
Depreciation	90.07	105.12	121.31	141.75	156.50
Net Profit Before Tax	201.06	224.67	194.29	302.85	323.45
Provision for Taxation	15.41	17.73	20.48	33.07	24.75
Net Profit After Tax	185.65	206.94	173.81	269.78	298.70
Extra Ordinary and Prior period items	0.00	0.00	0.00	0.00	0.00
Net Profit After Tax after Extra Ordinary and Prior Period Item	185.65	206.94	173.81	269.78	298.70

SIGNIFICANT ACCOUNTING POLICIES

(a) **Depreciation:**

Depreciation has been provided on fixed assets under straight line method at the rates specified in schedule xiv of the companies Act, 1956.

(b) **Investments:**

Investments are valued at cost.

(c) **Inventories:**

- i) Raw material has been valued at cost price.
- ii) Work in process has been valued at cost plus expenses as per stage of completion.
- iii) Finished goods have been valued at estimated cost or net realisable value which ever is lower.
- iv) Stores and spares have been valued at cost or realisable value which ever is lower.

(d) **Sales:**

Sales include excise duty.

(e) **Revenue Recognition:**

All expenses and revenue are accounted for on accrual basis.

(f) **Gratuity and Leave Encashment:**

Gratuity and leave encashment is accounted for on cash basis.

(g) **Research & Development:**

The revenue expenditure on research & development on on-going research projects is charged in the year in which it is incurred. Expenditure which results in developing the new products or processes where the management is of the opinion that products will be / are commercially viable, are deferred & charged to the future accounting periods over a periods of five years commencing from the following year to the initial year in which these are incurred.

NOTES TO ACCOUNTS

1. THE CONTINGENT LIABILITIES NOT PROVIDED FOR IN THE BOOKS OF ACCOUNTS

		Current Year Rs.	Previous Year Rs.
	Bank Guarantee	240.58 Lacs	100.00 Lacs
2.	Payment to Director Managerial Remuneration	2.52 Lacs	1.08 Lacs
3.	Auditors' Remuneration		
	Audit Fee	0.11 Lacs	0.11 Lacs
	Income Tax Matters	0.10 Lacs	0.10 Lacs
	Other Services	—	—
	Expenses	—	—
4.	CIF value of import of capital goods	Nil	Nil
5.	F. O. B. Value of Export of Goods	165.35 Lacs	64.28 Lacs
6.	Details of balances with non-scheduled banks		
	In Current Accounts		
	Citizen urban Co-op. Bank Ltd. A/c No. 1667	Nil	3011
7.	Information pursuant to Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable)		

NOTES:

SALES

Particulars		2001–2002 (Qty.)	2002–2003 (Qty.)	2003–2004 (Qty.)	2004–2005 (Qty.)	2005–2006 (Qty.)
BOMB SHELL 105 MM	IN PCS	0	4078	0	0	0
BOAT TAIL	IN PCS	0	0	0	0	
SHELL BODY 51 MM	IN PCS	0	0	25922	4500	67760
SHELL BODY 120 MM	IN PCS	27428	8032	21336	14944	24096
SHELL BODY 81 MM	IN PCS	80951	48120	35330	0	0
SHELL BODY 130 MM	IN PCS	16040	8020	0	0	0
AMMUNITION COMPONENTS	IN PCS	190464	137361	0	0	0
OTHER COMPONENTS	IN PCS	11371	0	0	0	0
AUTO COMPONENTS	IN PCS	0	0	51937	403560	511496
OTHER STEEL ITEMS	IN M.T.	4419.155	5069.450	10004.383	894.775	0
OTHERS	IN LTRS	0	0	36000	0	0

STOCK IN FINISHED GOODS

		2001–2002		2002–2003		2003–2004		2004–2005		2005–2006	
		Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing
Shell Body 105 mm	In Pcs	0	386	386	386	386	386	386	386	386	386
Boat Tail	In Pcs	0	0	0	0	0	0	0	0	0	0
Ammunition Components	In Pcs	146004	11	11	11	11	11	11	11	11	11
Other Steel Items	In M.T.	1841.516	410.291	410.291	1866.362	1866.362	1752.257	1752.257	1196.543	1196.543	1542.154
Auto Components	In Pcs	0	0	0	0	0	1500	6149	6149	6149	67513
Bomb Shell 81 mm	In Pcs	4010	0	0	0	0	0	0	0	0	0
Bomb Shell 130 mm	In Pcs	1366	0	0	0	0	0	0	0	0	0
Bomb Shell 120 mm	In Pcs	0	0	0	0	0	2008	2008	700	700	500
Bomb Shell 51 mm	In Pcs	0	0	0	0	0	0	0	1100	1100	14825

PRODUCTION

		2001–2002	2002–2003	2003–2004	2004–2005	2005–2006
SHELL BODY 105 MM	IN PCS	386	4078	0	0	0
BOAT TAIL	IN PCS	0	0	0	0	0
SHELL BODY 51 MM	IN PCS	0	0	25922	5600	81485
SHELL BODY 120 MM	IN PCS	27428	8032	23344	13636	23896
BOMBSHELL 81 MM	IN PCS	76941	48120	35330	—	0
BOMBSHELL 130 MM	IN PCS	14674	8020	0	0	0
AMMUNITION COMPONENTS	IN PCS	16333	0	0	0	0
OTHER COMPONENTS	IN PCS	11371	0	0	0	0
OTHER STEEL ITEMS	IN M.T.	1432.590	1628.551	528.098	349.916	0
AUTO COMPONENTS	IN PCS	0	0	53437	408209	572860

PURCHASE OF FINISHED GOODS

Particulars		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Ammunition Components	In M.T.	28138	137361	0	0	0
Other Steel Items	In M.T.	1555.340	4896.970	9519.94	0	0
Furnace Oil	Litre	0.00	0.00	36000	0.00	80050

REJECTED FINISHED GOODS

Particulars		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Boat Tail	In Pcs	0	0	0	0	0
Ammunition Components	In Pcs	0	0	0	0	0

RAW MATERIAL CONSUMED

		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Steel Casting	In M.T.	0	0	283.484	970.072	2675.540
Steel Forging Un-machined	In M.T.	1624.027	909.158	666.324	836.363	3138.250
Other Steel Items	In M.T.	0	1696.214	0.508	10.855	0
Auto Components	In Pcs	0	0	5600	49557	0
Semi-Finished Items	In Pcs	2995	0	0	0	0
Other Items	In Pcs	164395	0	6000	0	0
Steel Tube	Metre	0	0	12365	1410	999.443
Round	In M.T.	0	0	14.685	0	596.905
Steel Forging Un-machined	In Pcs	0	13035	0	0	0
Other Items	In M.T.	474.822	0	0	0	0

8. Parties balances are subject to confirmation and reconciliation, if any.

9. Previous year's figures have been regrouped/rearranged wherever necessary.

CASH FLOW STATEMENT

(Rs. in Lacs)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Tax and Extraordinary Items					
Adjustments for:	201.06	224.67	194.29	302.85	323.45
Depreciation	90.07	105.12	121.31	141.75	156.50
Other Income	(3.65)	(5.48)	(3.11)	(2.11)	(24.82)
Interest Expenses	257.08	219.66	237.74	221.41	193.99
Loss on Sale of Assets	—	—	—	0.20	—
Miscellaneous expenses written off	—	—	17.05	25.69	33.67
Operating Profit before Working Capital Changes	544.56	543.97	567.28	689.79	682.79
Adjustments for:					
Inventories	211.87	(185.90)	(22.49)	(402.91)	43.61
Trade and Other Receivables	(79.80)	41.90	(497.06)	90.27	(340.60)
Trade Payable and Other Liabilities	(145.78)	(26.69)	(18.93)	(22.17)	11.70
Cash Generated from Operations	531.05	373.28	28.80	354.98	397.50
Income Tax Paid	(6.90)	(15.41)	(17.73)	(20.48)	(33.07)
Interest Paid	(257.08)	(219.66)	(237.74)	(221.41)	(193.99)
Cash Flow Before Extraordinary Items					
Extraordinary items (Prior Year Adjustment)					
Net Cash from Operating Activities (A)	267.07	138.21	(226.67)	113.09	170.44
CASH FLOW FROM INVESTING ACTIVITIES					
Capital Work-in-Progress	—	(26.96)	(3.46)	(1.37)	(3.74)
Purchases of Fixed Assets (Net)	(360.36)	(211.15)	(152.46)	(239.10)	(232.04)
Sale/(Purchases) of Investment					
Other Income	3.65	5.48	3.11	2.11	24.82
Deferred Revenue Expenditure	—	(85.24)	(43.22)	(39.89)	(11.24)
Net Cash used for Investing Activities (B)	(356.71)	(317.87)	(196.03)	(278.25)	(222.20)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from Issue of Share Capital/ Share Premium	33.83	24.53	14.57	155.32	187.70
Net Proceeds/Repayments of Loan Term Loans	14.12	126.46	325.95	(50.42)	(130.21)
Sales Tax Deferment	61.64	28.16	35.52	58.62	3.93
Net cash from Financing Activities (C)	109.59	179.15	376.04	163.52	61.42
Net Increase in Cash and Cash Equivalents (A+B+C)	19.95	(0.51)	(46.66)	(1.64)	9.66
Cash and Cash Equivalents at Beginning of the Year	60.23	80.18	79.67	33.01	31.37
Cash and Cash Equivalents at end of the year	80.18	79.67	33.01	31.37	41.03

Note: Figures in () denotes cash outflow

STATEMENT OF DIVIDEND PAID

(Rs. in Lacs)

Particulars	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
On Equity Share Capital					
Paid up Share Capital	395.39	453.79	468.36	468.36	588.36
Face Value (Rs.)	10	10	10	10	10
Rate of Dividend %	—	—	—	—	—
Amount of Dividend	—	—	—	—	—
Corporate Dividend tax	—	—	—	—	—

ANNEXURE – VII

PERFORMANCE RATIOS

Particulars	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Earnings Per Share (Rs.)	4.32	4.56	3.71	5.76	5.08
Return On Net Worth (%)	25.28%	23.50%	16.67%	20.78%	15.56%
Net Asset Value/Book Value Per Share (Rs.)	17.72	19.41	22.27	27.72	32.63

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

ANNEXURE – VIII

CAPITALISATION STATEMENT

(Rs. in Lacs)

Particulars	Pre-Issue As at March 31, 2006	Post-Issue @ Rs. 30/- Per Share
Total Debt:		
Short Term Debt	900.35	900.00
Long Term Debt	1111.20	1051.20
Shareholders Funds:		
Share Capital/Share App.	631.38	1288.36
Reserves and Surplus	1434.45	2834.45
Less: Misc. Expenditure	103.18	278.15
Total Shareholders Funds	1962.65	3844.63
Long Term Debt/ Shareholders Funds	0.56	0.27

Note: Post Issue figures are estimated and given by the Management.

STATEMENT OF TAX SHELTERS

(Rs. in Lacs)

Particulars	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Profit before current and deferred taxes, as restated (A)	201.06	224.67	194.29	302.85	323.45
Tax rate, % (E)	35.70	36.75	35.87	35.87	35.70
Tax impact	71.78	82.57	69.70	108.65	115.47
Adjustments					
Permanent differences					
Deduction u/s 80HHC of the Income Tax Act					
Deduction u/s 80IB of the Income Tax Act					
Other adjustments	10.83	35.88	5.00		
Total (B)	10.83	35.88	5.00		
Temporary differences					
Difference between book depreciation and tax depreciation	148.65	141.71	126.47	213.58	254.12
Research & Development expenditure					
Total (C)	148.65	141.71	126.47	213.58	254.12
Net Adjustment (B+C)	159.48	177.59	131.47	213.58	254.12
Tax saving thereon	56.93	65.26	47.16	76.62	90.72
Net tax payable as per income tax returns (D = A – B – C)	14.85	17.31	22.54	32.03	24.75

Note: The figures of all the other years are as per the Returns of Income filed.

DETAILS OF OTHER INCOME/JOB WORK

(Rs. in Lacs)

Particulars	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Export Incentive	—	—	—	—	4.77
Job Work	—	878.50	65.84	—	18.49
Profit on Sale of Shares	—	—	—	—	—
Dividend	0.64	0.60	—	—	—
Income from Interest	3.01	4.88	1.92	1.48	0.87
Miscellaneous Income	—	—	1.19	0.63	0.68
TOTAL	3.65	883.98	68.95	2.11	24.81

SUNDRY DEBTORS

(Rs. in Lacs)

Particulars	As at				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Debtors outstanding for a period exceeding six months	52.94	41.32	92.56	79.75	92.41
Others	575.98	481.93	1012.10	904.37	1224.06
TOTAL	628.92	523.25	1104.66	984.12	1316.47

None of the Sundry Debtors of the Company is related to the directors or promoters or Company.

ANNEXURE – XII

LOANS AND ADVANCES

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

ANNEXURE – XIII

UNSECURED LOANS

(Rs. in Lacs)

Particulars	As at				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
From bodies corporate	400.00	386.20	579.41	602.50	477.05
Security from Staff and Customers					
Fixed Deposits					
Redeemable Non-Convertible Debentures					
Others (I.D.B.I. B/D)			60.55		
TOTAL	400.00	386.20	639.96	602.50	477.05

ANNEXURE – XIV

SECURED LOANS

(Rs. in Lacs)

Particulars	As at				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Term Loan	374.37	402.95	385.59	368.86	365.58
Working Capital Loan	705.84	817.52	907.07	910.84	909.36
TOTAL	1080.21	1220.47	1292.66	1279.70	1274.94

RELATED PARTY DISCLOSURE

Related Party Disclosure as required by Accounting Standard AS 18, Related Party Disclosures issued by the Institution of Chartered Accountants of India are given below:-

(Rs. in Lacs)

Name of Related Party	Nature of Transaction	For the year ended				
		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
1. Expenses						
Krishna Engg. Works Ltd.	Purchases	396.85	407.21	425.66	477.94	308.26
2. Remuneration paid to M.D.	Remuneration	0.58	0.58	0.54	1.08	2.52
3. Key Management						
Personnel						
Mr. Satish Ahuja	Salary	2.07	2.07	2.13	2.10	2.40
Mr. S.L.Dhall	Salary	0.85	0.85	0.85	0.99	0.99
Mr. L.S.Rana	Salary	1.16	1.16	1.16	1.16	1.16
Mr. Ashok Sharma	Salary	1.20	1.20	1.21	1.25	1.25
Mr. Nidhi	Salary	—	—	—	—	0.26
Mrs. Kavita Bansal	Salary	—	—	—	—	0.50
Mr. A.K..Saini	Salary	—	—	—	—	1.32
Mrs. Taranjeet Kaur	Salary	—	—	—	—	0.35
Mr. Ajay Babbar	Salary	—	—	—	—	—
4. Payables						
Krishna Engg. Works Ltd.	Balance Payable	—	—	—	—	—

ANNEXURE – XVI

INVESTMENTS

Long-term investments

For the year ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
— Trade (Quoted)	—	—	—	—	—
— Trade (Unquoted)	5.28	5.28	5.28	5.28	5.28
— In subsidiary company (Unquoted)	—	—	—	—	—
TOTAL	5.28	5.28	5.28	5.28	5.28

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

Changes in the Significant Accounting Policies

There have been no changes in accounting policies during the preceding five years.

For BRIJ AGGARWAL & ASSOCIATES

Chartered Accountants

Sd/-

(BRIJ BHUSHAN AGGARWAL)

Partner

Membership No. 16974

Date: April 29,2006

Place: Jalandhar

MAIN TERMS AND CONDITIONS OF UNDERLYING DEBTS

1. Secured Loans

A. Working Capital Loans:

Sl. No.	Name of Lender	Loan Documentation	Overall Limits Available	Interest Rate	Repayment Schedule	Security Created	Outstanding Amount as on 31st March, 2006 (Rs. in Lacs)
1.	State Bank of India, Allahabad Bank — in consortium*	Working Capital consortium Agreement and Deed of Hypothecation dated 06-06-2003	State Bank of India Cash Credit (B/D) — Rs. 300.00 Lacs Bank Guarantee Rs. 360.00 Lacs Allahabad Bank# Cash Credit (Hyp) — Rs. 200.00 Lacs Cash Credit (B/D) — Rs. 100.00 Lacs	Rate of Interest 4% + PLR Extent of operation 100%	Repay-able on Demand	Hypothecation and/or pledge of current assets and all other moveables both present and future, second mortgage and charge after charges created in favour of other term lenders on borrowers im-moveable and moveable properties, both present and future.\$	State Bank of India Cash Credit (Hyp) — Rs. 302.82 Cash Credit (B/D) — Rs. 303.25 Allahabad Bank Rs. 303.29
TOTAL							Rs. 909.36

B. Term Loans

Sl. No.	Name of Lender	Loan Documentation	Overall Limits Available	Interest Rate	Repayment Schedule	Security Created	Amount (Rs. in Lacs)
1.	The Citizen Urban Co-operative Bank Limited	Agreement dated 22-03-2003	Term Loan of Rs. 60.00 Lacs	Interest — 14% p.a. Margin-25% Extent of operation — 100%	Repayable in 60 monthly instalments of Rs. 13,800/- each	Hypothecation of machinery	68.37
2.	The Citizen Urban Co-operative Bank Limited	Agreement dated 30-03-2000	Term loan of Rs. 100.00 Lacs	Interest 16.5% p.a. Margin-25% Extent of operation — 100%	Repayable in 60 monthly instalments	Hypothecation of machinery	70.24

Sl. No.	Name of Lender	Loan Documentation	Overall Limits Available	Interest Rate	Repayment Schedule	Security Created	Amount (Rs. in Lacs)
3.	Punjab Financial Corporation	Further Mortgage deed dated 31-03-1998 Sanction Letter dated 11-03-1998	Term Loan of Rs. 108.00 Lacs	Interest — 17% extent of operation — 100%	Repayable in 48 monthly instalments of Rs. 2.25 Lacs each starting 15-03-1999 ⁺	Mortgage of property on EH-61 and B IX/ Z/ 2632 situated at Ladowall Road, Jalandhar	105.00
4.	Punjab Financial Corporation	Mortgage deed dated 15-02-2000 Sanction Letter dated 10-09-1999	Term Loan of Rs. 105.00 Lacs	Interest — 18% extent of operation 100%	Repayable in 24 quarterly instalments starting from 01-12-2000 ⁺	Mortgage of property no. EH-61 and b IX/ Z/2632 situated at Ladowali Road, Jalandhar	104.99
5.	Punjab Financial Corporation — Term Loan taken by Krishna Engineering Works (sole proprietorship concern) which was later converted into partnership subsequently into a Joint Stock Company**	Further deed of mortgage dated 21-06-1991	Term Loan of Rs. 37.30 Lacs	Interest payable at the rate of 14% p.a.	Loan repayable in half yearly instalments Rs. 2.48 Lacs payable in first 5 instalments for each instalment and Rs. 2.49 Lacs payable for the remaining instalments for ment	All immovable properties, plant and machinery and other assets of the concern.	16.98
	TOTAL						365.58

Unsecured Loans

Sl. No.	Name of Lender	Loan Documentation	Overall Limits Available	Interest Rate	Repayment Schedule	Security Created	Amount (Rs. in Lacs)
1.	L&T Finance Limited Term Loan against supply of Invoices raised on Ashok Leyland Limited	Agreement dated 29-12-2004	Term Loan of Rs. 350 Lacs	Interest at the rate of 10% p.a.	Amount repayable monthly in arrear on default, liquidated damages at the rate of 18% p.a. on the defaulting amount(s) for the period of default is payable	—	339.11
2.	L & T Finance Limited	—	Credit facilities against Bills discounting	@10%		—	137.94
	TOTAL						477.05

\$ Second charge was created on immovable properties in favour of State Bank of India vide Tripartite Agreement dated 14th December, 2001, which has yet to be filed with the Registrar of Companies for Registration.

+ Repayment of instalments is pending since October, 2004.

Charge in favour of Allahbad Bank for Cash Credit of Rs. 300 Lacs was filed separately

* Original Agreement with State Bank of India dated 17.02.1997 modified on 02.04.1997, 07.01.1998, 03.02.1998, 18.03.2000, 30.01.2001, 8.12.2001 and 06.06.2003.

** For details regarding conversion of the partnership into a joint stock company, Please refer to section "History and Corporate Matters" on page 47 of this Prospectus.

@ Agreement originally entered into for Bills discounting which has since been converted to hire purchase, repayment schedule of which has not yet finalised.

FINANCIAL INFORMATION OF GROUP COMPANIES

The Company does not have any group company / partnerships firms / proprietary concerns . However there were concerns as mentioned below in which our Promoter Mr. Mukesh Juneja was associated till 15th April, 2004. Now he has no concern with it.

S.M. Engineering Works

S.M. Engineering Works was originally formed as a sole proprietorship concern of Sh. Mukesh Juneja and was carrying on the business of manufacturing of Diesel Engine Parts etc. It was subsequently converted into a partnership firm with effect from 31.03.2004, with Sh. Mukesh Juneja and Sh. Sunil Mahajan as its partners sharing profits in the ratio of 1:1.

The financial performance of S.M.Engineering Works for the last two financial years is as follows:

(Rs. in Lacs)

	As of March 31,		
	2003	2004	2005
Total Sales	139.64	292.72	*
Profit/(Loss) after Tax	0.77	2.13	*
Capital Account	189.38	196.60	*

*Note: Financial Figures for the period ending March 31, 2005 are not available as the firm got dissolved w.e.f. April 15, 2004.

The partnership firm got dissolved with effect from 15th April, 2004, vide deed of retirement, whereby Sh Mukesh Juneja retired from the partnership and the continuing partner agreed to take over the business including all its assets and liabilities. The continuing partner may carry on the business under the same name and style of S.M. Engineering Works as per Deed of Retirement. Thus Sh. Mukesh Juneja disassociated himself from this partnership effective 15 April, 2004.

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, 2002, 2003 and 2004, 2005 and 2006, 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, 1956 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 of our Business:

Our Company is manufacturer and supplier of defence stores and automobile components for Original Equipment Manufacturers. Presently, it enjoys the reputation of manufacturer of automotive components and shell bodies for Ministry of Defence. The Company has its brand for product range in the domestic and export market.

We manufacture automobile components for the domestic and OEM's and export market, shell body for Ministry of Defence and coaches components for the Ministry of Railways. We have Laboratory and Modern Research & Development Department certified by the Ministry of Science & Technology.

The customer base of our company has a list of the well-established auto players of the industry. Our major client portfolio includes Ashok Leyland Limited, TELCO, Punjab Tractors Limited, Indian Ordnance Factories under Ministry of Defence of India, Rail Coach Factory, Kapurthala.

Our existing Manufacturing Facilities includes the following:

(a) Machine Shop — KEW has a fully equipped Machine Shop. The facility has a diverse range of machines and certain special purpose machines for finishing and coating. The Machine Shop is also equipped with new generation CNC machines, which are used for achieving higher accuracy. Our range of machines include CNC Vertical Balancing Machine, CNC Turning Centre, CNC Horizontal Balancing Machine, Drilling Tap Centres, Manual Tooling, Grinding Machines, Copy Turning, Special Purpose Machines, Gear Shapers, Fine Boring Machines and Various Lathe Machines.

(b) Quality Control and Research & Development — The focus of QC and R&D is on optimising machine time and improving product quality. Our Company firmly believes in TOTAL QUALITY MANAGEMENT, Customer Satisfaction and continuous improvement in quality. Regular training programmes are conducted for staff at all levels to achieve competence enhancement along with group discussions, seminars and conferences. Workers and middle level managers are encouraged to conduct Quality Circles, Trouble Shooting Exercises, and Product Review Exercises and to regularly attend training courses at various Institutions in the country to raise their professional skill and competency level. KEW also ensures procurement quality through systematic vendor development, quality plan, and vendor up-gradation through vendor quality audit, inspection and training.

We have a large resource-pool of highly trained and qualified design engineers, supported by the latest design software and prototype development facilities. It has capability to design from the basic layout, load and interface data to final production. Its Engineers are continuously innovating to develop newer, better products.

MATERIAL DEVELOPMENTS SINCE THE LAST AUDITED BALANCE SHEET DATE:

In the opinion of our Board of Directors, other than as disclosed in this Prospectus, there have not arisen any circumstances since March 31, 2006, 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 is a derived demand, meaning that it is dependent upon the production and sale of other products i.e. Automobiles. We have diversified our customer base and large portfolio of products, to reduce 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.

Raw Material Prices: Raw materials constitute a major portion of our total expenses. 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 according to delivery Schedule of customers. Any change in schedule may affect our operation in short run.

RESULTS OF OPERATIONS:**Sales**

The increasing demand for Automobiles in the domestic market has been the key reason for our increased sales in recent years. We have been able to meet the increasing demand for our products because of expansion of market and undertaking export of our Products. Net sales increased by 2.38% from fiscal 2005 to fiscal 2006. The Company commenced export in the year 2004-05 in the automobile sector and the export performance for the last two years is as follows:

Customer	Country	Items	Amount (Rs. in Lacs) (2005–2006)	Amount (Rs. in Lacs) (2004–2005)
CBM S.P.A.	ITALY	TIE RODS, SWIVELS, FORKS, EYE BOLT	45.12	66.19
DEFONTAINE QUAI G	FRANCE	FLYWHEEL	118.55	2.14
JOST WERKE GMBH	GERMANY	RETENTION PLATE	1.68	—
TOTAL			165.35	68.33

Expenses:

Our expenses mainly consist of the cost of raw material consumed, manufacturing expenses, depreciation, selling and distribution expenses, interest and financial charges and personnel expenses. The following table shows our various expenses for fiscal year 2003 to Fiscal year 2006 and show those expenses as a **percentage of total expenses**:

(Rs. in Lacs)

% of Total Expenses	FY 2006		FY 2005		FY 2004		FY 2003	
	Amount	%age	Amount	%age	Amount	%age	Amount	%age
Cost of Material	2777.73	76.28	2801.41	79.48	2191.39	73.80	1551.51	56.84
Manufacturing Expenses	272.65	7.49	173.85	4.93	256.41	8.64	622.88	22.82
Depreciation	156.50	4.30	141.75	4.02	121.31	4.08	105.12	3.85
Selling and Distribution Expenses	110.84	3.04	61.14	1.73	47.60	1.60	91.93	3.37
Administrative and Other Exp.	88.32	2.43	91.62	2.60	91.20	3.07	126.61	4.64
Deferred Revenue Exp. W/off	33.67	0.92	25.69	0.73	17.05	0.57	----	----
Interest and Financial Charges	201.73	5.54	229.41	6.51	244.76	8.24	231.52	8.48
TOTAL	1503.97	100.00	3524.87	100.00	2969.72	100.00	2729.57	100.00

The following table shows our various expenses for fiscal years 2003 to Fiscal year 2006 and shows those expenses **as a percentage of net sales**:

(Rs. in Lacs)

% of Net Sales	FY 2006		FY 2005		FY 2004		FY 2003	
	Amount	%age	Amount	%age	Amount	%age	Amount	%age
Cost of Material	2777.73	70.13	2801.41	72.41	2191.39	72.05	1551.51	86.15
Manufacturing Expenses	272.65	6.88	173.85	4.49	256.41	8.43	622.88	34.58
Depreciation	156.50	3.95	141.75	3.66	121.31	3.99	105.12	5.83
Selling and Distribution Expenses	110.84	2.80	61.14	1.58	47.60	1.56	91.93	5.11
Administrative and Other Exp.	88.32	2.23	91.62	2.37	91.20	3.00	126.61	7.04
Deferred revenue Exp. W/off	33.67	0.85	25.69	0.66	17.05	0.56		
Interest and Financial Charges	201.73	5.09	229.41	5.93	244.76	8.05	231.52	12.85
Increase / Decrease in Stock	20.98	0.53	43.51	1.13	(53.69)	(1.76)	(269.29)	(14.95)
Other Income	(24.82)	(0.63)	(2.11)	(0.05)	(68.95)	(2.26)	(883.98)	(49.08)
Total Expenses (Net of Other income and increase/ decrease of stock)	3637.60	91.83	3566.27	92.18	2847.08	93.62	1576.30	87.53
Margins	323.45	8.17	302.85	7.82	194.29	6.38	224.67	12.47
Net Sales	3961.05	100.00	3869.12	100.00	3041.37	100.00	1800.97	100.00

Our margins have increased from 7.82% in fiscal 2005 to approximately 8.17% in fiscal year 2006 due to increase in turnover.

Cost of Material:

Raw materials as a percentage of total expenses has decreased from 79.48% to 76.28% in fiscal year 2006 in comparison of fiscal year 2005 due to adoption of Cost reduction measures and better efficiency.

Manufacturing Expenses:

The principal manufacturing expenses are Excise Duty, wages, power and fuel, Workshop Expenses, Repair and maintenance and Freight Inward Manufacturing expenses which form the third largest component of total expenses (7.49% for the year ended March 31, 2006). Manufacturing expenses as a percentage of total expenses have increased due to the hike in oil & fuel prices and hike in Power Tariff and wages rates. With further increases in our capacities and high capacity utilisation, we expect manufacturing expenses as a proportion of total expenses to decrease in the medium term.

Depreciation:

Our depreciation expense when expressed as a percentage of expenses for fiscal year 2005 and 2006 was 4.02% and 4.30% respectively due to addition in fixed assets.

Selling and Distribution Expenses:

Selling and distribution expenses consist largely of Freight and Cartage Outward, Business promotion expenses, packing Expenses and Rebate and Discount.

Selling and distribution expenses account for 2.80% of total net sales and have increased due to hike in transportation charges and rebate and discount to the client due to competition in the market.

Administrative and Other Expenses:

Administrative and other expenses consist of salaries and allowances, labour & staff welfare, contribution to employee benefit schemes, vehicle Expenses, travelling expenses, postage & telephone and product development expenses written off. Salaries

and allowances accounted for 42.05%, of Administrative and other Expenses in fiscal 2006 Administrative and Other Expenses Decreased from 2.60% to 2.43% as percentage of total expense from fiscal 2005 to fiscal 2006 due to the economies of scale that we have achieved through increased output.

Interest and Finance Charges:

Interest and finance charges represent expenses incurred in respect of our short-term and long-term bank loans, and other charges incurred by us in respect of letters of credit and other financing arrangements and facilities. The average cost of debt has decreased from 6.51% per annum in fiscal 2005 to 5.54% per annum in fiscal 2006.

Taxation:

Provision for income tax accounted for 0.62% of net sales, in fiscal 2006 and is based upon the estimated tax computation for fiscal 2006 and any excess or shortfall will be accounted on completion of assessment.

We availed of benefits of carry forward losses in fiscal 2002 and fiscal 2001 and have paid Minimum Alternate Tax ("MAT") under Indian taxation laws. MAT involves the payment of tax on a company's book profits in the event that the tax payable in accordance with the tax laws is less than a certain limit. A depreciation tax shield would be available in the future due to our incurrence of capital expenditures.

Inflation:

We do not consider the impact of inflation on our financial performance over the periods under review to be significant.

Adjustments:

The financial information for fiscal years 2002, 2003, 2004, 2005 and 2006 has been restated in compliance with SEBI guidelines. In accordance with Indian GAAP, the effects of restatement are shown as a cumulative effect on our adjusted profit after tax rather than as restatements of individual line items in our statement of profit and loss. Adjustment as per SEBI guidelines have been made in relation to tax in the years to which it pertains, the effect of which is not material.

REVIEW OF RESULTS OF OPERATIONS

FISCAL YEAR 2006 COMPARED WITH FISCAL YEAR 2005

Net Sales:

Net sales increased from Rs.3869.12 Lacs for the fiscal year 2005 to Rs. 3961.05 Lacs registering 2.38 % over financial year 2005 due to increase in orders of existing automobile customers.

Other Income:

Other income increased from Rs. 2.11 Lacs for the fiscal year 2005 to Rs. 24.82 Lacs in the fiscal year 2006 due to increased job work order from the Ministry of Defence.

Cost of Material:

Raw material cost has marginally decreased from Rs. 2801.41 Lacs in the fiscal year 2005 to Rs. 2777.73 Lacs in 2006 registering a decline of Rs.23.68 Lacs only, i.e., 0.85% due to adoption of cost reduction measure and better efficiency.

Manufacturing Expenses:

Manufacturing expenses increased from Rs. 173.85 Lacs in year 2005 to Rs. 272.65 Lacs, in year 2006 due to increased in the power tariff, oil prices and hike in the wages rate.

Selling Expenses:

Selling expenses increased from Rs. 61.14 Lacs in the year 2005 to Rs. 110.84 Lacs in 2006 due to hike in the transportation charges and rebate & discount allowed to the clients due to the competition in the market.

Administrative and Other Expenses:

Administrative and other Expenses have reduced from Rs. 91.62 Lacs to Rs.88.32 Lacs in the year 2006 which is the nominal amount.

Interest and Finance Charge:

Interest and finance charge decreased from Rs. 229.41 Lacs for the year 2005 to Rs. 201.73 in the year 2006 due to decrease in rate of interest by banks.

Depreciation:

Depreciation expenses increased from Rs. 141.75 Lacs for the fiscal year 2005 to Rs. 156.50 Lacs, in the year 2006 due to addition in fixed assets.

Net Profit Before Taxes:

Net profit before taxes increased from Rs. 302.85 Lacs in the year 2005 to Rs. 323.45 Lacs for the fiscal year 2006 showing an increase of 0.19% in the profit margin ratio to sales.

Taxes

Taxes decreased from Rs. 33.07 Lacs for the fiscal year 2005 to Rs. 24.75 Lacs for the fiscal year 2006 due to increased depreciation allowable as per Income tax Act.

Net Profit:

Net profit increased from Rs. 269.78 Lacs in the year 2005 to Rs. 298.70 Lacs, in the year 2006 registering a growth of 10.72% due to increased turnover and margin of profit.

FISCAL YEAR 2005 COMPARED WITH FISCAL YEAR 2004**Net Sales:**

Our net sales increased from Rs. 3041.37 Lacs for the fiscal year 2004 to Rs. 3869.12 Lacs registering 27.21% over financial year 2004 due to increase in orders of existing automobile customers.

Other Income:

Other income decreased from Rs. 68.95 Lacs for the fiscal year 2004 to Rs. 2.11 Lacs for the fiscal year 2005 due to decrease in the job work from the Ministry of Defence.

Cost of Material:

Our raw material consumed increased from Rs. 2191.39 Lacs for the fiscal year 2004 by approximately Rs. 610.02 Lacs, or 27.83%, to Rs. 2801.41 Lacs for the fiscal year 2005. As a percentage of net sales, our raw materials costs remained almost same for the year 2004 and 2005 at about 72%.

Manufacturing Expenses:

Our manufacturing expenses decreased from Rs. 256.41 Lacs for the fiscal year 2004 by approximately Rs. 82.56 Lacs, or 32.20 % to Rs. 173.85 Lacs for the fiscal year 2005 due to decrease in the job work from Ministry of Defence as well as change in the product line from defence to auto sector.

Selling Expenses:

Our selling expenses increased from Rs. 47.60 Lacs for the fiscal year 2004 by approximately Rs. 13.54 Lacs, or 28.46%, to Rs.61.14 Lacs for the fiscal year 2005 due to increase in turnover.

Administrative and Other Expenses:

Administrative and Other Expenses increased from Rs. 91.20 Lacs for the fiscal year 2004 to Rs. 91.62 Lacs for the fiscal year 2005 remaining more or less same. In percentage terms these expenses have declined from 3% of net sales to 2.36% in the fiscal 2005.

Interest and Finance Charges:

Our interest and finance charge decreased from Rs. 244.76 Lacs for the fiscal year 2004 by approximately Rs. 15.35 Lacs, or 6.27%, to Rs. 229.41 Lacs for the fiscal year 2005 due to decrease in rate of interest by Banks .

Depreciation:

Our depreciation expense increased from Rs. 121.31 Lacs for the fiscal year 2004 by approximately Rs. 20.44 Lacs, or 16.84%, to Rs. 141.75 Lacs for the fiscal year 2005 due to addition in fixed assets.

Net Profit Before Taxes:

Our net profit before taxes increased from Rs. 194.29 Lacs for the fiscal year 2004 by approximately Rs. 108.56 Lacs, or 55.87%, to Rs. 302.85 Lacs for the fiscal year 2005 due to increase in turnover and profit margins.

Taxes:

Our taxes increased from Rs. 20.48 Lacs for the fiscal year 2004 by approximately Rs. 12.59 Lacs, or 61.47%, to Rs. 33.07 Lacs for the fiscal year 2005 due to increased turnover and margin of profit.

Net Profit:

Our net profit increased from Rs. 173.81 Lacs for the fiscal year 2004 by approximately Rs. 95.97 Lacs, or 55.21%, to Rs. 269.78 Lacs for the fiscal year 2005 due to increased turnover and margin of profit.

FISCAL 2004 AS COMPARED TO FISCAL 2003

Net Sales:

Our net sales increased from Rs. 1800.97 Lacs for fiscal 2003 by Rs. 1240.40 Lacs, to Rs. 3041.37 Lacs for fiscal 2004, which is a rise of 68.87 % due to increased flow of order from domestic customers.

Other Income:

Other income decreased from Rs. 883.98 Lacs for the fiscal year 2003 by approximately Rs. 815.03, to Rs. 68.95 Lacs for the fiscal year 2004 due to one time job work order from Ministry of Defence.

Cost of Material:

The raw material consumed increased from Rs. 1551.51 for fiscal 2003 by Rs. 639.88 Lacs, to Rs. 2191.39 Lacs for fiscal 2004, which is a rise of 41.24%. The increase was primarily due to increased production and sales. As a percentage of net sales, our raw materials costs decreased from 86.15% for fiscal 2003 to 72.05% for fiscal 2004.

Manufacturing Expenses:

Our manufacturing expenses decreased from Rs. 622.88 Lacs for fiscal 2003 by Rs. 366.47 Lacs, to Rs. 256.41 Lacs for fiscal 2004, which is a decline of 58.83%. The decline was primarily due to reduction in power and fuel expenses, economies of scale that we have achieved through increased capacities. As a percentage of net sales, our Manufacturing costs declined significantly from 34.58% for fiscal 2003 to 8.43% for fiscal 2004.

Selling and Distribution Expenses:

Our selling and distribution expenses decreased from Rs. 91.93 Lacs for fiscal 2003 by Rs. 44.33 Lacs, to Rs. 47.60 Lacs for fiscal 2004, which is a decline of 48.23%. The decrease was due to reduction in Freight and Cartage outward and Packing Expenses.

Administrative and Other Expenses:

Our Administrative and Other Expenses decreased from Rs. 126.61 Lacs for fiscal 2003 by Rs. 35.41 Lacs, to Rs. 91.20 Lacs for fiscal 2004, which is a decrease of 27.97%. The decrease was due to economies of scale reduction of salaries and Allowances, Staff and Labour Welfare Expenses.

Interest and Finance Charges:

Our interest and finance charges increased from Rs. 231.52 Lacs for fiscal 2003 by Rs. 13.24, or 5.72%, to Rs. 244.76 Lacs for fiscal 2004 due to enhancement in the working capital limits.

Depreciation:

Our depreciation expense increased from Rs. 105.12 Lacs for fiscal 2003 by Rs. 16.19 Lacs or 15.40% to Rs. 121.31 Lacs for fiscal 2004 due to addition in fixed assets.

Net Profit Before Taxes:

All the above factors culminated in an decrease in net profit before taxes from Rs. 224.67 Lacs for fiscal 2003 by approximately Rs.30.38 Lacs, to Rs. 194.29 Lacs for fiscal 2004.

Taxes:

Our taxes increased from Rs. 17.73 Lacs for the fiscal year 2003 by approximately Rs. 2.75 Lacs, or 15.51 %, to Rs. 20.48 Lacs for the fiscal year 2004 due to application of MAT.

Net Profit:

Our net profit decreased from Rs. 206.94 Lacs for the fiscal year 2004 by approximately Rs. 33.13 Lacs, or 16.01%, to Rs. 173.81 for the fiscal year 2005 due to increase interest charges and depreciation.

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 effect exports. However, considering the low amount of exports, the effect of foreign exchange rate variations on our business is limited. Except the above, there are no significant economics 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 form 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 increase in volumes.

(f) Total turnover of the Industry

Please refer to the Para on "Industry Data" referred on page 31 of this Prospectus.

(g) New products introduced in the year 2006

We have not introduced any new products except for an enhanced range of our 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 even though 50% of Raw Material is sourced from top five suppliers. Also, the Company is not excessively dependent on a single customer for its sales although top four customers constitute around 90% of our 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 markets and wish to explore international market. All these things have been helping the Company to stand against the competition.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Directors that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company or Directors. Please note that in relation to the outstanding litigation described below, the details of the next date of hearing have been provided only in such proceedings where such dates have been fixed.

LITIGATION INVOLVING OUR COMPANY

Contingent liabilities not provided for as on March 31, 2006, were Bank Guarantees, Counter Guarantees and Bonds amounting to Rs. 240.58 Lacs.

A. PENDING LITIGATION AGAINST OUR COMPANY

1. Pertaining to Criminal Laws – NIL

2. Pertaining to Securities Laws -NIL

3. Pertaining to Statutory Laws

Cases under Excise Law:

There are 2 disputes relating to excise duty pending against our Company. The disputed excise duty in these cases aggregates to approximately Rs. 6.11 Lacs.

Sl.	Case No./Assess- No. Challenged	Authority ment Order	Issue	Present Status	Implications on the Issuer	Amount Involved (Rs. in Lacs)
1.	Show Cause No. C. No. IV (H.qrs.) Prev./Jal/12/13/ 2003/ 386 dated 16.08.2004	Commis- sioner, (Appeals)	The adjudicating authority of Central Excise & Customs, Chandigarh raised a demand of Rs. 5,52,974/- for wrongly availment of Cenvat Credit on input. KEW filed an appeal before Joint Commissioner and the Joint Commis- sioner vide its order- dated 24.01.06 uphold the order of the adjudicating authority and imposed a penalty of Rs. 5,52,974/-.	KEW has filed an appeal before the Comm. (Appeals) against the order of the Joint Commissioner.	The Comm. (Appeals) may uphold the order of the Adjudicating Authority and may also uphold the penalty imposed by Joint Comm.	5.53
2.	Show Cause Notice No. C.NO.: V-30/85/ J-II/04/5249 dated 16.12.2005.	Assistant Commis- sioner of Central Excise, Jalandhar.	The adjudicating authority has issued a show cause notice for wrongly avail- ment of CENVAT Credit of Rs. 58,141/- on LDO (light diesel oil) as input during the month of March, 2003.	Pending for hearing	KEW may have to deposit Rs. 58,141/-	0.58
	TOTAL					6.11

Cases under Sales Tax Law:

There are 3 disputes relating to sales tax pending against our Company. The disputed sales tax in these cases aggregates to approximately Rs. 364.73 Lacs.

Sl.	Case No./Assess- No. Challenged	Authority ment Order	Issue	Present Status	Implications on the Issuer	Amount Involved (Rs. in Lacs)
1.	Order dated 15.09.2004 of the Assessing Authority, Jalandhar for the period 2003-2004	Assessing Authority, Jalandhar	Demand created by Assessing Authority in view of exhausted Sales Tax Deferment Amount and non submission of form C & D which are available only after the close of the financial year is disputed by KEW. KEW filed an appeal before Sales Tax Tribunal, Chandigarh, Punjab, against this Order on 26.05.2005.	The Tribunal has remanded the case to the Assessing Authority to decide the case on merits.	The Assessing Authority may reject the claims of KEW.	88.10
2.	Order dated 17.03.2005 of the Assessing Authority, Jalandhar for the period 2004-2005 (3 quarters)	The Hon'ble VAT Tribunal, Chandigarh, Punjab.	Demand created by Assessing Authority in view of exhausted Sales Tax Deferment Amount and non submission of form C & D which are available only after the close of the financial year is disputed by KEW. Appeal No.CST/ KP/ 035/05-06 was filed by KEW before DETC (Appeals) against this order on 13.06.2005. DETC (Appeals) dismissed the appeal vide order dated 22.02.2006. Again KEW has filed an appeal before the Tribunal on 22.05.2006.	The notice for hearing has not yet been received.	The Tribunal may uphold the order of the Assessing Authority	208.22

Sl.	Case No./Assess- No. Challenged	Authority ment Order	Issue	Present Status	Implications on the Issuer	Amount Involved (Rs. in Lacs)
3.	Order dated 22.11.2005 of the Assessing Authority, Jalandhar for the second quarter of 2005-06.	The Deputy Excise and Taxation Commissioner (Appeals), Jalandhar	A demand of Rs. 23,81,083/- under the Punjab Act and Rs. 44,60,144/- under the Central Sales Tax created by Assessing Authority vide its order dated 22.11.2005 in view of non submission of form C & D which are available only after the close of the financial year is disputed by KEW. KEW has filed an appeal before the Deputy Excise and Taxation Commissioner (Appeals), Jalandhar on 8.05.2006.	The notice for hearing has not yet been received	The Deputy Excise and Taxation Commissioner (Appeals), Jalandhar may uphold the order of the Assessing Authority.	68.41
	TOTAL					364.73

4. Pertaining to Arbitration Laws — NIL

5. Pertaining to Company Law —

The Company received a show cause notice No. TS/ 18821/7988 dated 12th January, 2005 from the Department of the Company affairs asking the Company the reasons why a Company Secretary has not been appointed.

The Company subsequently published an advertisement for the post of the Company Secretary in "The Tribune" dated 15.03.2005 and replied the said notice on 16.03.2005 requesting that no legal action u/s 383A(1A) of the Companies Act, 1956, be initiated against the Company and its directors. It was also stated that the Company will appoint a Company Secretary as soon as it comes across a suitable person. The Company finally appointed a full time Company Secretary w.e.f. 1st August, 2005.

6. Pertaining to Civil Laws — NIL

7. Pertaining to Labour Laws — NIL

B. PENDING LITIGATION BY THE COMPANY: NIL

C. PENDING LITIGATION AGAINST THE PROMOTERS: NIL D. PENDING LITIGATION BY PROMOTERS: NIL

E. PENDING LITIGATION AGAINST THE DIRECTORS: NIL

F. PENDING LITIGATION BY THE DIRECTORS: NIL

Material Developments after March 31, 2006

Except as stated in the sections titled, "Management's Discussion and Analysis of Financial Statements and Results of Operations", "Financial Statements", "Capital Structure" on page 79, 61 and 9 respectively, of this Prospectus, no material developments have taken place after March 31, 2006, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

We have received the following Government and other approvals pertaining to our business:

1. The Company is duly incorporated under the Companies Act, 1956 and has been issued Certificate No. 16-18821 dated 23rd September, 1996 by Registrar of Companies, Punjab, H.P. & Chandigarh.
2. The Permanent Account Number of the Company is AABCK0656N.
3. The TDS Account Number of the Company is JLDK00990D.
4. The Company is registered with the Department of Sales Tax of Punjab and has been allotted new Registration No. 03951059013, w.e.f. 1st April, 2005.
5. The Company has been registered with the Central Excise Department and the Registration Number of the Company is AABCK 0656NXM002.
6. The Company has been registered with the Central Excise Department for the purposes of Service Tax payment and the Registration Number of the Company is GTO/JAL-I/KI/438/2005 on Goods Transport Services and G70/J-11/STC/KEW/JAL/162/04 on Goods Transport Operator Services.
7. The Company has been registered as Importer-Exporter with the office of Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India and bears IEC Number 3001006871.
8. The Factory of the Company is registered under Factory Act and Registration Number is JLR/K-50/512.
9. The Company is registered with Entrepreneurial Assurances Unit of Secretariat for Industrial Assurances under Ministry of Commerce and Industry. The Registration number is 685/SIA/IMO/2000.
10. The in-house R&D Unit (s) of the Company has been recognised by the Ministry of Scientific and Technology, Government of India. The Registration Number is TU/IV-RD/2376/2003.
11. The Company is registered with Employees' State Insurance Corporation, Chandigarh vide Registration No. 12/7906 dated 20.7.1975.
12. KEW Industries Ltd. was authorised by Punjab Pollution Control Board to operate an Industrial Plant for finishing of defence and automotive components and to discharge the emissions arising out of its premises under Air (Prevention & Control of Pollution) Act, 1981 by letter bearing No. JAL/APC/ 2001-02/F-305 dated 19th February, 2002 for a period of 15 years. The Company has subsequently dismantled the phosphating unit hence there is no omission. The Company is also complying with the instructions mentioned in the consent.
13. KEW Industries Ltd. was authorised by Punjab Pollution Control Board to operate an Industrial Plant for finishing of defence and automotive components and to discharge the effluents arising out of its premises under Water (Prevention & Control of Pollution) Act, 1974, by letter bearing No. JAL/WPC/2001-02 /F-47 dated 11th September 2001 for one year against the deposit fee of 15 years consent fee. The Company has since stop the phosphating process and there is no trade effluent. The Company has further requested that the period of consent be further extended for the remaining 15 years as the fee has been deposited for 15 years vide letter bearing no. KIL/05-06/479/81 dated 27th May, 2005.
14. The Company is registered with Directorate General of Aeronautical Quality Assurance, Ministry of defence, Government of India vide Registration no. DGAQA/ TC/ (Aero)/ ARM/ 29, the registration is valid upto August 31, 2006.
15. Code no. PN/3875 is allotted to the Company for the purpose of making compliance with the provisions of The Employees Provident fund and Family pension Fund act, 1952 with the Regional Provident fund Commissioner, Chandigarh.
16. The Company is a registered with export promotion council vide Registration cum Membership Certificate No. EPC/J/RMC-2617/Engg (I.S.) dated 19th January, 2005.

We have yet to receive the following Approvals from the Government and Other regulatory Authorities:

1. Authorisation under the Hazardous Waste (Management and Handling) Rules, 1989 for our facilities at Ladowali Road, Jalandhar and B-3 Focal Point, Jalandhar.
2. Consents under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, for our facilities at Ladowali Road, Jalandhar and B-3 Focal Point, Jalandhar.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue:

The Board of Directors has, pursuant to resolution passed at its meeting held on September 1, 2005, authorised the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. Our shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the annual general meeting of our Company held on September 30, 2005, and EGM held on November 11, 2005, at the Registered Office of the Company.

We have also obtained all necessary contractual consents required for the Issue. For further information, please see the section titled "Government and Other Approvals" on page 89 of this Prospectus.

Prohibition by SEBI:

Our Company, our Directors, our Promoters, directors or the person(s) in control of our Promoters, our subsidiaries, our affiliates and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

None of the Promoters, their relatives, the Company or the Promoter group companies are detained as wilful defaulters by RBI/government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

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 Lacs 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 Lacs 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 will not 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 Statements" on page 61 for the last five years ended FY 2006 are set forth below:

(Rs. in Lacs)

	FY 06	FY 05	FY 04	FY 03	FY 02
Net Tangible Assets (1)	4002.67	3628.44	3196.75	2670.33	2367.17
Monetary Assets (2)	41.03	31.37	33.01	79.67	80.18
Net Profits, as restated (PAT)	298.70	269.78	173.81	206.94	185.65
Net Worth, as restated	1919.63	1298.50	1042.92	880.71	700.63

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.

In terms of Clause 2.2.2A of the SEBI (DIP) Guidelines, 2000, Our Company ensures that the prospective allottees shall not be less than One Thousand (1000) in numbers.

Disclaimer Clause

AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 PROSPECTUS. THE LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 21, 2005, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- “(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE.
- (II) 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 DRAFT PROSPECTUS FORWARDED TO BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
- (c) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
- (d) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
- (e) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK IN, WILL NOT BE DISPOSED /SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

All legal requirements pertaining to the Issue have been complied with at the time of filing of the Prospectus with the ROC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the issue have been complied with at the time of registration of the Prospectus with the ROC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

The filing of the Prospectus does not, however, absolve the Company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and 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 Managers, any irregularities or lapses in the Prospectus.

All information shall be made available by the Company and 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 centres or elsewhere.

Disclaimer from our Company and the Lead Manager:

Our Company, our 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 instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, 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 we dated October 24, 2005.

All information shall be made available by us and 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 or at bidding centres, etc.

Disclaimer in Respect of Jurisdiction:

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including NRIs, FIIs and eligible foreign investors. This Prospectus does not, however, constitute an invitation to subscribe to Equity 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 or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Jalandhar.

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 filed with SEBI for observations. 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 our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer clause of BSE-Designated Stock Exchange:

"Bombay Stock Exchange Limited ("The Exchange") has given vide its letter dated January 17, 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 scrutinised 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."

Filing:

A copy of this Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021. 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, Punjab, H.P. and Chandigarh at Kothi No. 286, Defence Colony, Jalandhar-144001.

Listing:

Applications have been made to the BSE for permission for listing of our Equity Shares being offered through this Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Consents:

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue; and (b) the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the ROC as required under Sections 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Brij Aggarwal & Associates, Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the ROC.

Expert Opinion:

Except as stated in the sections titled "Objects of the Issue", "Statement of Tax Benefits" and "Financial Statements" beginning on page 19, 28 and 61 respectively, of the Prospectus, we have not obtained any expert opinions.

Expenses of the Issue:

The expenses of this Issue include, among others, management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Particulars	Amount (Rs. in Lacs)	% of Total Expense
Lead managers, Selling and other expenses	65.00	37.16%
Advertising and Marketing Expenses	35.00	20.00%
Printing and Stationery	25.00	14.28%
Others (Registrar's fee, Listing fee, fee to Legal Advisors)	25.00	14.28%
Miscellaneous	25.00	14.28%
TOTAL	175.00	100.00%

Fees Payable to the Registrar to the Issue:

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at the corporate office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

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 the Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognised 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.

Particulars regarding Public or Rights Issues during the Last Five Years:

The Company has not made any Public/ rights issue of equity/ debentures whatsoever prior to this issue except as mentioned in this prospectus.

Issues otherwise than for Cash:

We have not issued any Equity Shares for consideration otherwise than for cash, except as below:

Our Company was formed by conversion of partnership of M/s Krishna Engineering Works. On September 26, 1996, we had issued and allotted 7,27,500 Equity Shares to erstwhile partners of partnership firm M/s Krishna Engineering Works. For details see Deed of settlement in section "History and Corporate Matters" on page 47 of this Prospectus.

Commission or Brokerage on Previous Issues:

No sums have been paid since the date of incorporation of the Company till the date of issue of this Prospectus or are payable as commission, brokerage or discount for subscribing or agreeing to subscribe or procuring or agreeing to procure any subscription for any shares in the Company including the Promoters their associates, relatives and friends.

Companies under the Same Management:

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

Promise v. Performance

A. Last Three Issues made by KEW Industries 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.

Outstanding Debentures, Bonds or Redeemable Preference Shares:

Our Company does not have any outstanding debentures, bonds or redeemable preference shares.

Stock Market Data:

This being the first public offer of the Company, no stock market data is available.

Mechanism for Redressal of Investor Grievances by our Company:

The Memorandum of Understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by our Company:

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Ms. Taranjeet Kaur as the Compliance Officer and she may be contacted in case of any pre- Issue or post- Issue-related problems. She can be contacted at the following address:

KEW Industries Limited

B-3 Focal Point

Jalandhar

Punjab

Tel.: 91- 181- 2455171. Fax: 91-181- 2225715

E-Mail: info@kewltd.com

Mechanism for Redressal of Investor Grievances by Companies under the Same Management:

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

Changes in Auditors:

There have been no changes of the auditors in the last three years.

Capitalisation of Reserves or Profits:

We have not capitalised our reserves or profits at any time during last five years.

Revaluation of Assets:

We have not revalued our assets in the past 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 3.0 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
- vii) 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 dematerialised 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.

Withdrawal of the Issue:

The Company in consultation with the Lead Managers reserves the right not to proceed with the issue any time after the Issue opening date but before allotment without assigning any reason thereof.

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 on page 108 of this Prospectus.

ISSUE PROCEDURE

Authority for the Present Issue:

Present Issue of Equity Shares has been authorised by shareholders vide a Special Resolution passed at the EGM of the Company held on November 11, 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 1, 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.

Option to Subscribe:

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.

Investors should note that Equity Shares will be allotted to successful applicants only in the dematerialised form. Applicants will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

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

NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the application Form from the registered office of the Company

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 (NRIs) 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)

Procedure for Application

Application by Resident Indian Public

1. Application must be made only:
 - (a) On the prescribed Application Form (**WHITE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - (b) For a minimum of 170 Equity Shares and in multiples of 170 thereafter.
 - (c) In single name or joint names (not more than three);
 - (d) By Indian Nationals resident in India, and
 - (e) In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- KEW Industries Ltd.– Public Issue" and crossed "Account Payee Only" (**e.g., HDFC Bank A/c – KEW Industries Ltd.– Public Issue**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the issue or to the Registrars to the issue.
6. No receipt will be issued for the application money. However, Bankers to the issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
9. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk along with Demand Draft payable at Mumbai only payable to "**KEW Industries Ltd.– Public Issue**"

For further instructions please read Application Form carefully.

APPLICATION BY NON RESIDENT INDIANS (NRIs)/FOREIGN INSTITUTIONAL INVESTOR (FIIs)

1. Applications by Non-Resident Indians/FIIs must be made only:
 - (a) In the prescribed Application Form (**Pink** in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - (b) For a minimum of 170 Shares and in multiples of 170 thereof.
 - (c) In single or joint names (not more than three).
 - (d) In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. 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/FIIs with repatriation benefits.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. 30/- or equivalent of Indian Rs. 30/- remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/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, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.
4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "**Name of the Bank A/c KEW Industries Ltd. — Public Issue - NRIs/FIIs**". (e.g., "**HDFC Bank A/c KEW Industries Ltd. — Public Issue — NRIs/FIIs**") A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.
6. Allotment of Equity Shares to Non-Resident Indians shall be as per Reserve Bank of India guidelines.
7. Applicants are requested to mention the number of application form on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

For further instructions please read the Application Form carefully.

APPLICATION BY INDIAN FINANCIAL INSTITUTIONS (IFIs) /MUTUAL FUNDS/ BANKS

1. Application by Indian Financial Institutions, Banks & Mutual Funds must be made only:
 - i) In the prescribed application form (**Blue** in colour) completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form.
 - ii) For a minimum of 3,400 equity shares and in multiples of 170 thereafter.
 - iii) Allotment will be made on competitive basis.
 - iv) Application made otherwise is liable to be rejected.
2. Payment shall be made in cash or by cheque or by bank draft. Cheques or bank drafts should be drawn on any bank (including a Co-operative Bank) which is situated at and is member or sub-member of the Banker's Clearing House located at the centre where the Application Form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected. Money orders/Postal orders will not be accepted.
3. Cheques/bank drafts should be crossed "Account Payee Only" and should be made payable to any of the Bankers to the issue with whom the application is to be lodged and marked "**Name of the Bank A/c KEW Industries Ltd. — Public Issue — IFI's/Banks/MF's**" (e.g., "**HDFC Bank A/c KEW Industries Ltd. — Public Issue — IFI's/ Banks/MFs — whichever is applicable** "). A separate cheque or bank draft should accompany each Application Form.

4. All application forms duly completed together with cash/cheque/Bank Draft (Money orders/ Postal orders will NOT be accepted) for the amount payable on application at the rate of Rs. 30/- per equity share must be delivered before the close of the Subscription List to any of Bankers to the issue named herein or to any of their branches mentioned in the Application Form and NOT to the Company or Registrars or Lead Managers to the Public Issue.
5. No receipt will be issued for the application money. However, the Bankers to the Public Issue or their branches receiving the applications will acknowledge receipt by stamping and returning to the applicants, the acknowledgment slip at the bottom of each application form.
6. The application form number should be mentioned on the reverse of the instrument through which the payment is made. Applicants are advised, in their own interest, to indicate the name of their bank and the savings / current account number in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

In case of Mutual Funds a separate application can be made in respect of each scheme of the Fund registered with SEBI and such application will not be treated as multiple applications provided the applications made by the AMCS/Trustees/ Custodian clearly indicate their intention as to each scheme concerned to which application has been made.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

GENERAL INFORMATION

- The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- An applicant who wishes to apply for shares in the electronic form must have at least one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.
- Thumb impressions and signatures other than in English/ Hindi/ Marathi 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.
- Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- For subscription in electronic form, 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 name 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 the present Public Issue,
- The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.
- The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant .The applicants are advised to update the correct correspondence address in their respective DP A/cs.

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

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.

Terms of Payment:

The entire Issue price of Rs. 30/- 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.

Grounds for Technical Rejections:

Investors are advised to note that Applicants are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the Equity Shares Applied for;
2. Age of first Application not given;
3. Application by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
4. **PAN not stated if Application is for Rs. 50,000 or more and GIR number given instead of PAN;**
5. Application for lower number of Equity Shares than specified for that category of investors;
6. Application at a price less than issue price;
7. Application at a price more than issue price;
8. Application for number of Equity Shares, which are not in multiples of 170;
9. Multiple Application as defined in this Prospectus;
10. In case of Application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
11. Application accompanied by stock-invest/money order/postal order/cash;
12. Signature of sole and/or joint Investors missing;
13. Application Form does not have the Applicant's depository account details;
14. Application Form is not delivered by the Applicant within the time prescribed as per the Application Form,
15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Investors (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
16. Application by OCBs;
17. Application by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act; and **SECTION 269 SS OF INCOME TAX, 1961.**

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20,000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

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 or Registrar to the issue.

Applicants residing at places where no collection centres 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 "KEW Industries 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 Mumbai 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.

NRIs/ FIIs applying on a repatriation basis or Indian Mutual Funds & Indian and Multilateral Development Financial Institutions shall not make an application in the public category and such applications made in both the categories, i.e., reserved category and Public Category shall be treated as multiple applications.

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 shares of the Company are in dematerialised form and the Company has signed a tripartite agreement as detailed here under:

- (a) The Company has entered into a tripartite agreement dated 17th July, 2006, with the Central Depository Services (India) Ltd. (CSDL) and Karvy Computershare Pvt. Limited, Registrar and Transfer Agent for dematerialisation of the equity shares of the Company.
- (b) The Company has entered into a tripartite agreement dated 17th July, 2006, with the National Securities Depository Ltd. (NSDL) and Karvy Computershare Pvt. Limited, Registrar and Transfer Agent for dematerialisation of the equity shares of the Company.

The Company's shares bear an ISIN no. INE700M01012.

Instructions:

- (a) An applicant applying for shares 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.
- (b) The Applicant must necessarily fill in the details (including the Beneficiary Account no. and DP ID no.) in the Application Form.
- (c) Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP).

- (d) Name(s) 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.
- (e) The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
- (f) Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
- (g) 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.
- (h) It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
- (i) Trading in the Equity Shares of the Company would be only in dematerialised form for all investors.
- (j) **Investors can contact the Compliance Officer – Ms. Taranjeet Kaur 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.**

COMMUNICATION:

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

The Equity Shares in this Issue shall be allotted only in a de-materialised form. Recently, the Company has appointed M/s. Karvy Computershare Private Limited who will act as Registrar to the Issue. To facilitate the connectivity with NSDL & CDSL through the newly appointed Registrar, the Company has initiated the process for signing of new tripartite agreements with both the Depositories and the Registrar to the Issue, i.e., M/s. Karvy Computershare Private Limited. {The details of the said agreements will be provided before filing of the Final Prospectus}

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 finalised 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 finalised in a fair and proper manner in accordance with the following 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 of shares 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 subject to a minimum allotment being equal to the minimum application size, i.e., 170 Equity Shares.

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 finalise 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.

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 finalisation 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:

In case of applicants residing in following fifteen centres, viz., Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram, where clearing houses (for ECS) are managed by the RBI will get refunds mandatory through ECS (Electronic Clearing Service) only. For this purpose, the details of bank accounts of applicants would be taken directly from the depositories' database. The registrar will send the electronic files with the refund data to the bankers to the issue and the bankers to the issue shall send the refund files to the RBI system within 30 days from the Issue Closing date. A suitable communication shall be sent to the applicant receiving refund through this mode within 30 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

In addition to above, the applicants who are disclosed to be eligible for direct credit or for RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) will get refunds through the said routes.

In case of other applicants, we shall dispatch refund orders, if any, of value up to Rs.1500, 'Under Certificate of Posting', and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Applicant's sole risk, or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions would be given to the clearing system and adequate funds for this purpose shall be made available to the Registrar for this purpose.

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 (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instruction have not been given to the clearing system in the disclosed manner) within 30 days from the date of the closure of the Issue. However applications received after the closure of Issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

Undertaking by the Company:

The Company undertakes:

- i) All the complaints in respect of the Public Issue shall be attended to by our company expeditiously and satisfactorily.
- ii) That our company shall take necessary steps for completion of the necessary formalities for listing and commencement of trading on BSE within 7 working days of finalisation of basis of allotment.
- iii) That the funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our company.
- iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected dated of electronic credit of refund.
- v) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- vi) That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application money is refunded on account of non-listing, under-subscription, etc.

Utilisation 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 utilised 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 utilised; and

- c. details of all unutilised 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 unutilised 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.

Restrictions on Foreign Ownership of Indian Securities:

Foreign Investment in Indian Securities is regulated through the Industrial Policy, 1991, of the Government Of India and FEMA. While the Industrial Policy, 1991, prescribes the limit and conditions subject to which Foreign Investment can be made in different sectors of Indian Economy, FEMA regulates the precise manner in which such Investment may be made. Under the Industrial Policy, unless specifically restricted, Foreign Investment is freely permitted in all sectors of Indian Economy upto any extent and without any prior approvals, but the Foreign investor is required to follow certain prescribed procedures for making such investment. As per current Foreign Investment policies, foreign Investment in Automobile Sector is permitted upto 100% under automatic route. RBI has permitted FIIs to subscribe to shares of an Indian Company in a public offer without prior RBI approval, so long as the price of Equity shares to be issued is not less than the price at which Equity shares are issued to Residents. Non-residents' applications are required to make separate applications seeking permission from FIPB or RBI.

The above information is given for the benefit of the applicant, and neither the Company nor the Lead Manager is liable for any changes in the regulations after the date of Draft Prospectus.

MAIN PROVISION OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies act and the SEBI Guidelines, the main provisions of our Articles of Association are detailed below. Please note that the each provision below is numbered as per the corresponding Article number in our Articles of Association.

COMPANY NOT TO PURCHASE ITS OWN SHARES

3. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of shares of the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or the Company shall not buy back its shares from any person through negotiated deals, whether on or of the stock exchange or through spot transactions or through any private arrangement. Any person or on insider shall not deal in Securities of the Company on the basis of unpublished information relating to buy back of shares of the Company.

SHARE CAPITAL

- 5.(a) The Authorised Share Capital of the Company shall be such as mentioned in Clause V of the Memorandum of Association of the Company which can be sub-divided, consolidated and increased or decreased with power from time to time to issue any shares of original capital, with and subject to any preferential, deferred, qualified or special rights, privileges or conditions as may be thought fit, and upon the sub-division of shares, to apportion the right to participate in profits, in any manner, as between the shares resulting from sub-division provided however, that the aforesaid Preference Share shall not participate in profits, reserves or surplus beyond the stipulated rate of dividend.

REDEEMABLE PREFERENCE SHARES

- (b) Subject to the provisions of these Articles, the Company shall have power to issue Preference Shares which may at the option of the Company be liable to be redeemed out of profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption and the Board may subject to the provisions of Section 80 and 80 A of the Act, exercise such power, in such manner as it may think fit.

ALLOTMENT OF SHARES

6. Subject to the provisions of these Articles and (to Section 81) of the Act, shares shall be under control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such times, either at par or at a premium and for such considerations as the Board may think fit, provided that, where at any time (after the expiry of one year from the allotment of shares by Company last Made) 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, Option or right to call of shares shall not be given to any persons without the sanction of the Company.

LIABILITY OF JOINT HOLDERS OF SHARES

13. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.

DEMATERIALISATION OF SECURITIES

- 16A The provisions of this Article shall apply only in respect of Securities held in Depository mode and the provisions of the other Articles shall be construed accordingly:

- 16B For the purpose of this Article;

“Beneficial Owner” means the beneficial owner as defined in Clause (a) of Sub-section 1 of Section 2 of the Depositories Act, 1996.

“Depository” means a Depository as defined under Clause (e) of Sub-section 1 of Section 2 of the Depositories Act, 1996.

“Depositories Act, 1996” shall include any Statutory modification(s) or re-enactment(s) thereof, for the time being in force.

“SEBI” means Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992.

“Security” has the meaning assigned to it in Section 2 of the Securities Contracts (Regulation) Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.

POWER TO DEMATERIALIZE AND REMATERIALIZE SECURITIES

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities as also re-materialise its shares, debentures and other securities held in Depository Mode and/or offer securities in dematerialised form pursuant to the Depositories Act, 1996, and the rules framed thereunder.

OPTIONS FOR INVESTORS

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates in accordance with provisions of the other Articles or to hold the same with a Depository. Such a person who is the beneficial owner of the securities may/can at any time opt out of the Depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed therein, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of security, and on the receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security. The Board of Directors of the Company shall have the power to fix a fee payable by the investor to the Company for the Services of Dematerialising and or Re-materialising of the Company's Securities as they in their discretion may determine.

SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM

- (a) All the Securities held by a Depository shall be dematerialised and be fungible form.
- (b) Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the said Act shall apply to a Depository in respect of the Securities held by it on behalf of the beneficial owners.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS OF SECURITIES

- (a) Notwithstanding anything to the contrary contained in the said Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company.
- (d) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities of a member in respect of his securities, which are held by a Depository.

FURNISHING OF INFORMATION BY DEPOSITORY

- (a) Notwithstanding anything contained in the said Act or these Articles where securities are held in a depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or in such other manner as may be practicable.

TRANSFER OF SECURITIES

- (a) Nothing contained in Section 108 of the said Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
- (b) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

DISTINCTIVE NUMBERS OF SECURITIES HELD IN A DEPOSITORY

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the Securities held with a Depository. Every fortified or surrendered share held in a material form shall continue to bear the number by which the same was originally distinguished.

REGISTER AND INDEX OF BENEFICIAL OWNERS

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

MEMBER'S RIGHT TO CERTIFICATE

- (i) Every member shall be entitled free of charge to certificate in marketable lots for all the shares of each class registered in his name or, if the Board so approves, to several certificate each for one or more of such shares but, in respect of each additional certificate other than in marketable lots. the Company shall be entitled to charge a fee as agreed upon with the exchange or such less sum as the Board may determine. Unless the conditions of issue of any shares otherwise provide, the Company shall within two months after that of either allotment and or surrender to the Company of its letter making the allotment or its fractional coupons of requisite value (save in the case of issue against letter of acceptance or of renunciation or in case of issue Bonus Shares) or within one month of receipt of the application for registration of the transfer of any of its shares. In respect of any share held jointly by several persons, the Company shall not be bound to issued more than one certificate and delivery of a certificate to one of several joint-holders shall be sufficient delivery to all such holders.
- (ii) No fee shall be charged for.
 - (a) Registration of transfer or transmission of any class of denomination of shares.
 - (b) Sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pacca transfer receipts into denominations corresponding to the market units of trading.
 - (c) Sub-division of renouceable letter of Right.
 - (d) Issue of new certificates in replacement of those which are old, description or worn out or where the cages on the reverse recording transfers have been fully utilised.
 - (e) Registration of any power of Attorney, Probate, letter of Administration or similar other documents.
- (iv) The fee that may be agreed upon with the exchange will be charged for;
 - (a) Issue of new certificates replacement those that are torn, defaced, lost or destroyed.
 - (b) Sub-division and consolidation of share and debenture certificates and for sub-division of Letters of allotment and split, consolidation, renewal and pucca transfer receipt into denomination other than those fixed for the market units of trading.
 - (c) Except as otherwise required by a statutory provision or under an order of a competent court of law, the Directors of the Company may in their absolute discretion refuse sub-divisions of share certificates or Debentures certifies or debenture allotment letter etc into denominations of less than the marketable lots.
- (v) The Company shall within two months alter the allotment of its shares or debentures an within one month after the application for the registration of the transfer of any such shares or debentures complete and have ready for delivery the certificates of all shares and debentures allotted or transferred, unless the conditions of issue of the shares or debentures otherwise provide and the Company shall otherwise comply with requirements of Section 113 and other applicable provisions (if any) of the Act.

CALLS

- 17. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provision of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by instalment and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

FORFEITURE AND LIEN IF CALL OR INSTALMENT NOT PAID NOTICE MAY BE GIVEN

- 24. If any member falls to pay any call or instalment or call on or before the day appointed for the payment of the same the Board may, at any time, thereafter during such time as the call or instalment remains unpaid, serve 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.
- 25. The notice shall name a day (not being less than one month from the date of notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid re to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

IF NOTICE IS NOT COMPLIED WITH SHARES MAY BE FORFEITED

26. if the requisition of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalment interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect.

POWER OF ANNUAL FORFEITURE

29. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

COMPANY'S LIEN ON SHARES

33. The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 14 thereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of transfer of share shall operate as a waiver of the Company's lien, if any, on such share

BOARD MAY ISSUE NEW CERTIFICATE

37. Where any share under the power in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue new certificate for such share distinguish it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION EXECUTION OF TRANSFER

38. The Instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.
42. The Directors may refuse to accept an application for transfer of less than 50 (Fifty) equity shares of the Company, provided, however, this condition shall not apply to.
- i) A transfer of equity shares made in pursuance of any statutory provision or an order of a court of law.
 - ii) The transfer of the entire equity shares by an existing equity shareholder holding less than 50 equity shares by a single or joint names.
 - iii) The transfer of the entire equity shares of an existing equity shareholder holding less than 50 equity shares to one or more transferees whose holding in the Company will not be less than 50 equity shares, after the said transfer.
 - iv) The transfer of not less than 50 equity shares in the aggregate in favour of the same transferee in two or more transfer deeds submitted together within which one or more relate to the transfer of less than 50 equity shares.

NO TRANSFER TO PERSON OF UNSOUND MIND

43. No transfer shall be made to person of unsound mind.

TRANSFER TO BE LEFT AT OFFICE WHEN

44. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the share to be transferred or if no such certificate is in existence by the letter of Allotment of the share and such other evidence as the Board may require to prove the titles of the transferor of his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, shall be returned to the person depositing the same.

NOTICE OF REFUSAL TO REGISTER TRANSFER

45. If the Board refuses whether in pursuance of Article 41 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall, within one month from the date on which the instrument of transfer or the intimation of transfer or the intimation of such transmission as the case may be, give notice of the refusal, giving reasons for such refusal.

FEE ON REGISTRATION OF TRANSFER, PROBATE

46. No fee shall be payable to the Company in respect of transfer or transmission of any shares in the Company.

TRANSMISSION OF REGISTERED SHARES

47. The executor or administrator of a deceased member (not being one of several joint holders shall be the only person recognised by the Company as having any title to the share registered in the name of such member, and in case of the death of any one or more of the joint-holders of any registered share. the survivor shall be the only person recognised by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant or probate or letters of Administration or other legal representation, as the case may be, from a competent court in India, provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense Letter of administration or such other legal representation upon such terms as to indemnity as it considers proper.

AS TO TRANSFER OF SHARES OF INSANE, DECEASED, OR BANKRUPT MEMBERS

48. Any committee or guardian of lunatic or minor member of any person entitled to or transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he purposes to act under this Article or of his title as the Board thinks sufficient to the regulation as to transfer herein before contained, transfer such share.

RIGHT OF PERSONS ENTITLED TO SHARE UNDER THE TRANSMISSION ARTICLE

- 50(i). A person so becoming entitled under the transmission article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 82 and of Section 206 of the Act, be entitled to the same dividends and other advantages s he would be entitled to, if he were the registered holder of the share.

Provided that Board may at any time give a notice requiring any such persons to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Board may thereafter without payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

INCREASE AND REDUCTION OF CAPITAL POWER TO INCREASE CAPITAL

51. The Company in General Meeting may, from time to time increase its capital by the creation of new shares of such amount as may be deemed expedient.

ON WHAT CONDITIONS NEW SHARES MAY BE ISSUED

52. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof shall direct, and if no direction be given, and in the case of existing unissued shares as the Board shall determine and in particular in the case of the Preference shares such shares, may be issued with a preferential or qualified rights to dividends and in the distribution of the assets of the Company and with rights of redemption.

PROVISIONS RELATING TO THE ISSUE

53. Before the issue of any new shares the Company in the General Meeting may make provision as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instant and whether at par or at premium or subject the provisions of Section 79 of the Act, at a discount and upon default or any such provision or so far as the same shall not extend, the new shares may be issued in conformity with the provision of Article 6.

REDUCTION OF CAPITAL

56. The Company may from time to time, by Special Resolution reduce its capital and nay Capital Redemption Reserve account or Share Premium Account in any manner and with subject to any incident authorised and consent required under Section 100 to 104 of the Companies Act.

ALTERATION OF CAPITAL

POWERS TO SUBDIVIDE SHARES

57. The Company in General Meeting may from time to time.
- (a) Consolidate and divide all any of its share capital into shares of larger amount than its existing shares.
 - (b) Sub-divide its existing shares or any of its share capital into shares of smaller amount that is fixed by the memorandum so, however, that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduce shares shall be the same as it was in the case of the share from which the reduced share be is divided.
 - (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.

MODIFICATION OF RIGHTS POWER TO MODIFY RIGHTS

59. Whenever the capital (by reason of the issue of preference shares or otherwise) is divided into different of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is (a) sanctioned to in writing by the holders of at least three-fourth of the issued shares of that class or (b) sanctioned by a resolution passed at a separate General Meeting shall mutates mutants, apply to every such meeting except that the quorum there shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of the class. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of company Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.

BORROWING POWERS POWER TO BORROW

60. Subject to the provision of the Companies Act, 1956, the Directors for the time being of the Company may, from time to time at their direction guarantee or borrow any sum of sums of money or make any arrangement for finance for the purpose of the Company and secure the payment of such sum or sums of the financial arrangement in such manner and upon such terms and condition in all respect as they or bills or exchange or giving or issuing any other receipts of the Company or of the issue of debenture or debentures stock of the Company charged upon all or any part of the property of the Company both present and future including as uncalled for the time being.

VOTES OF MEMBERS

- 78.(i) Save as hereinafter provide on a show of hands every member present in person and being a holder shall have one vote and every person present either as General proxy 9as defined in article 84) on behalf of a holder of Equity shares, if he is not entitled to vote in his own right or as a duly authorised representative or body corporate, beige a holder of equity shares, shall have one vote.
- (ii) Save as hereinafter provided on a poll the voting right of a holder of equity shares shall be as specified in Section 87 of the Act.
- (iii) The holder of preference shares shall have a right to vote on a resolution placed before the Company which directly affects the rights attached to their preference shares and subject as aforesaid the holder of preference shares shall in respect of such capital be entitles to vote on every resolution placed before the Company at a meeting if the dividend due on such capital or any part so such dividend remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting and where the holders of any preference shares have a right to vote as aforesaid on any resolution every such member personally present shall have one vote and on a pool his voting right in respect of such preference shares to the total of the capital paid up on the equity shares. Provided that no body corporate shall vote by proxy so long as resolution of its board of directors under the provision of Section 187 of the act is in force and the representative named in such resolution is present at the general Meeting at which the vote by proxy is tendered.

VOTES IN RESPECT OF DECEASED, INSANE AND INSOLVENT MEMBERS

80. Any person entitled under the Transmission Articles of any shares, may vote at any General Meeting in respect thereof in the same manner as is he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to boot he shall satisfy the Board of his right to transfer such shares, sonless the Board shall have previously admitted his right to vote at such meeting in respect thereto . If any member be lunatic, idiot or non compos mentis he may vote whether on a show of hand or at a poll by his committee. Curator bones or other legal curator and such last- mentioned persons may give their votes by proxy.

81. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if they were solely thereto, and if more than one of such joint holders be present at any meeting either person lay or proxy, that one of she Sid persons so present whose name stand fist on Register in respect of such shares alone shall be entitles to vote in respect thereof. Serial executors or administrators of a deceased member in whose name any share is registered shall for the purposes or this Article be deemed joint holders thereof.
82. Votes may be given either personally, or in the case of a body corporate, by representative duly authorised as aforesaid, or by prosy.
83. The instrument appointing a proxy shall be in writing under the appointer or this Attorney duly authorised in writing any if such appointer is a body corporate be under its common seal or the hand of its Officer or attorney duly authorised. a proxy who is appointed for a specified meeting shall be called a special proxy. Any other shall be called a General proxy.
84. The instrument appointing a proxy and the power or Attorney or other authority (if any) under which it is ginned or a naturally certified copy of attorney shall be deposited at the Office not less than forty-eight hou4rs before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instruments of proxy shall not be treated as valid.
85. A vote given in accordance with the terms of a instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect if which the vote is given, provided no intimation in writing of the death, insanity revocation or transfer of the shares shall have received by the Company at the Office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he many be in his discretion think fit of the due execution of an instrument of proxy and that same has not been revoked.
86. Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances will admit, be in any of the forms set out in schedule ix to the Act or as near thereto as possible or in any other form which Board many accept.
87. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name in his on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any rightly of lien, but the Board of Directors may by a resolution passed at the meeting of the board waive the operation of this Article.
- 88.(i) Any objection as the admission or rejection of a vote either, on a show of hands or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
- (ii) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote not disallowed at such meeting shall be valid for all purposes.

NUMBER OF DIRECTORS

90. The number of Directors of the Company shall not be less than three and not more than twelve.

APPOINTMENT OF DIRECTOR TO BE VOTED ON INDIVIDUAL

- (b) Save as permitted by Section 263 of the Act, every resolution of a General Meeting for the appointment of Director shall relate to one name individual only.

POWER TO REMOVE DIRECTOR BY ORDINARY RESOLUTION ON SPECIAL NOTICE

- 107 The Company may remove any Director before the expiration of his period of office accordance with the provision of Section 284 of the Act may subject to the provisions of Section 262 of the Act appoint another person in his seat if the Directors so removed was appointed by the Company in General Meeting or by the Board under Article 108.

BOARD MAY FILL UP CASUAL VACANCIES

108. If any Director appointed by the Company in General Meeting vacate as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would have trained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of director shall be governed by the provision of Section 257 of the Act.

REMUNERATION OF MANAGING DIRECTOR

123. Subject to the provision of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company in General Meeting.

POWER OF MANAGING DIRECTOR

124. Subject to the provision of the Act and particular to the prohibitions and restrictions contained in Section 292 thereof the Board may from time to time entrust to and confer upon Managing Director for the time being such to the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time and be excludes for such objects and purposes and upon such terms and conditions and with restrictions as it think fit and Board may confer such powers and upon such terms and conditions and with restrictions as it think fit and Board may confer such powers either collaterally with or to the exclusion of and in substitution for all or any the power of the Board in the behalf and may from time to time, revoke, withdraw, after or vary all or any such powers.

CAPITALISATION OF RESERVE

134. Any General Meeting may resolve that my money, investment or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any capital Redemption Reserve Accounts, or in the hands of the Company and available for divided or representing premium received on the issue of shares and standing to the credit of the Share Premium received on the issue of shares and standing to the credit of the share premium Account be entitled and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full unissued shares, of the Company which shall be distributed accordingly or in towards or in or towards payment of the uncalled liability on any issued shares, and that such distribution or in towards or in or towards payment of the uncalled liability on full satisfaction of their, and that such distribution or payment shall be accepted by such share holders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a shares premium Account or a capital Redemption Reserve Account may, for the purpose of this Article only applied in the paying of unissued share to be issued to members of Company as fully paid bonus shares.

DECLARATION OF DIVIDENDS

137. The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profit and may, subject to the provision of Section 207 of the Act, fix the time for payment, no larger dividend shall be declared than is recommended by the Board. But the Company in General Meeting may declare a smaller dividend.

DIVIDEND TO BE PAID OUT OF PROFITS

138. No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits except as provided by Section 205 of the act. No dividend shall carry interest against the Company.

DIVIDEND TO BE PRO RATA ON THE PAID UP AMOUNT

139. Subject to the special rights of holders of preference of shares, IF ANY, of the time being, the profit of the Company distributed as dividends or bonus shall be distributed among the member in proportion to the amounts paid or credited as paid on the shares held by them respectively, but no amount paid on a share in advance of calls shall while carrying interest be treated for the purpose of this article as paid on the shares. All dividend shall be apportioned and paid prorata according to the amounts paid or credited for the purpose, but if any share is issued on terms providing that it shall rank for dividend accordingly.

INTERIM DIVIDENDS

141. The Board may from time to time to pay the members such dividends as in its judgment the position of the Company justifies.

DEBTS MAY BE DEDUCTED

142. The Board may retain any dividends on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exist.

DIVIDEND AND CALL TOGETHER

143. Subject to the provisions of article 17 any General meeting declaring a dividend may make a call on the members of such amount of such a the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, so that the call be made payable at the same time as the dividend may be set off against the call.

DIVIDEND IN CASH

144. No dividend shall be payable except in cash, provided that nothing in the forgoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time unpaid on shares held by the members of the Company.

DIVIDEND RIGHT

145. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

POWER TO RETAIN DIVIDED UNTIL TRANSMISSION IS EFFECTED

146. The director may retain the dividends payable upon shares in respect of the person is under transmission article (article 47) entitled to become a member of which any person under that Article is entitled to transfer until such person become a member in respect of such shares or shall duly transfer the same.

DEPOSITS OF DIVIDEND IN SPECIAL ACCOUNT PENDING TRANSFER

146. A. The dividend on shares, in respect of which instrument of transfer of shares has been delivered to the Company for registration and transfer of shares has not been registered by the Company, shall be transferred to special Account referred to in Section 205 A of the Act pending transfer.

PAYMENT OF INTEREST OF CAPITAL

147. The directors may pay interest on capital raised for the construction of works or building when and so far as they be authorised to do so by Section 208 of the Act.

PAYMENT OF DIVIDEND TO MEMBERS OF MANDATE

148. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order to his bankers, but nothing contained in the Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend.

DIVIDEND TO JOINT-SHARE-HOLDERS

149. Any one of several persons who are registered as the joint-shareholders of any share may give effectual receipts for all dividends, bonus and other payments in respect of such shares.

NOTICE DECLARATION OF DIVIDEND

150. Notice of any dividend whether interim or otherwise, shall be given to the persons entitled to share therein the manner hereinafter provided.

PAYMENT BY POST

151. All dividend and other dues to members shall be deemed to be payable at the Registered Office of the Company, unless otherwise directed any dividend, interest or other moneys payable in each respect of a shares may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders, to the registered address of that one of the Joint-holders who is the first named in the Register in respect of the joint – holdings or to such person and at such address as holder or joint-holder as the case may be direct and every cheque or warrant so sent be made payable to the order of the person to whom it is sent.

UNCLAIMED DIVIDEND

152. No unpaid and unclaimed dividend shall be forfeited and the Company shall comply with the provisions of Section 205 A of the Act.
153. Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered the Company shall:
- (a) Transfer the dividend in relation to such shares to the special account referred to in Section 205 A of the Act unless the Company is authorised by the holder of such shares in writing to pay such dividend to the shares has to pay such dividend to the transferring specified in such instrument of transfer.
 - (b) Keep in abeyance in relation to such shares any offer of rights shares under clause (a) of Sub-section (i) of Section 81 of the Act and any issue of fully paid of bonus shares in pursuance of Sub-section (3) of Section 205 of the Act.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company.

These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Punjab, H. P. and Chandigarh Kothi No. 286 Defence Colony, Jalandhar 144001 for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at B-3, Focal Point, Jalandhar, Punjab from 10.00 am to 4.00 pm on working days from the date of this Prospectus until the Issue Closing date.

Material Contracts:

1. Memorandum of Understanding dated October 24, 2005, amongst our Company and Chartered Capital And Investment Limited
2. Memorandum of Understanding dated May 5, 2006, amongst our Company and Keynote Corporate Services Limited
3. Memorandum of Understanding executed by our Company with Registrar to the Issue
4. Tripartite Agreement dated 17th July 2006 between the Company, Registrar and NSDL.
5. Tripartite Agreement dated 17th July 2006 between the Company, Registrar and CDSL.

Material Documents:

6. Our Memorandum and Articles of Association as amended till date.
7. Our certification of incorporation dated 23rd September 1996 and certificate of commencement of business dated January 2, 2006.
8. Form No. 18 for the change of Registered Office Address of the Company w.e.f. July 1, 2005.
9. Shareholders' resolutions dated September 30, 2005 and November 11, 2005, in relation to this Issue and other related matters.
10. Resolutions of the Board dated September 1, 2005 authorising the Issue.
11. Reports of the Auditors dated April 29, 2006, Brij Aggarwal and Associates, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Prospectus
12. Copies of annual reports of our Company for the past five financial years
13. Consents of the Auditors, being Brij Aggarwal and Associates, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
14. Copies of resolution dated November 26, 2003 & July 1, 2005 appointing Mr. Mukesh Juneja as the Managing Director.
15. General Powers of Attorney executed by the Directors of our Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
16. Consents of Auditors, Bankers to the Company, Registrar to the Issue, Banker to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
17. In-principle listing approval pursuant to vide letter no. DCS/Smg/sm/2006 dated 17.01.2006 from the BSE.
18. Due diligence certificate dated November 21, 2005 to SEBI from Chartered Capital and Investment Limited
19. SEBI observation letter CFD/DIL/NB/JAK70605/2006 dated June 30, 2006.
20. Consent from Allahabad Bank for proposed public issue under SEBI (DIP) Guidelines/Monitoring Agency.
21. Keynote Corporate Services Ltd. Agreement for fee payable letter dated 5/12/2005.
22. Reply to SEBI by Chartered Capital & Investment Ltd. Dated Aug. 3, 2006 in reference to SEBI's letter dt. June 30, 2006.
23. Identity Proof of all the Directors i.e. Ration Card, PAN Card, Passport, Driving Licence.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act 1956, and the guidelines issued by the Government of India or the guidelines issued the by 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 the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

Signed by all Directors:

Mr. Mukesh Juneja

Mr. Parveen Khanna

Mr. Amarjit Singh Gogna

Gp. Capt. M.K. Labroo

Mr. Ashok Kumar

Signed by Managing Director:

Mr. Mukesh Juneja

Signed by Manager Finance

Mr. Ajay Babbar

Signed by Compliance Officer/ Company Secretary

Ms. Taranjeet Kaur

Date: 3/8/2006

Place: Jalandhar