



Prospectus
Dated 29 September 2007
Please read Section 60B of the Companies Act, 1956

RATHI BARS LIMITED

(Incorporated on 10th Day of August 1993 as Rathi Bars Limited under the Companies Act, 1956 and received the Certificate for Commencement of Business on 18th Day of March 1994).

Registered Office: A-24/7, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110044, Telephone Number: 91-11-41831191-96, Fax Number: 91-11-41679787 (The Registered Office of the Company was shifted from B-1/9, Malviya Nagar, New Delhi -110017 on November 27 2006 to A-24/7, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110044)

Contact Person: Gaurav Kapoor, Company Secretary and Compliance Officer

Website: www.rathisteels.com; E-Mail: contact@rathisteels.com

Registered with Registrar of Companies, NCT Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi-110003.

PUBLIC ISSUE OF 7142857 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 35 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. 25 PER EQUITY SHARE AGGREGATING RS. 2500 LACS (REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE 43.74% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

RISKS IN RELATION TO THE FIRST ISSUE

"This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs.10 and the issue price is 3.5 times of the face value. The issue price (has been determined and justified by the Lead Merchant Banker and the issuer company as stated under the section "Basis of Issue price" given on page nos. 25 to 26 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

"Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document."

Specific attention of the investors is invited to the detailed statement of the Risk Factors pertaining to this offer given at the Page no. x of this Prospectus.



The Company has not opted for IPO grading.

ISSUERS' ABSOLUTE RESPONSIBILITY STATEMENT

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

LISTING

The Equity Shares issued through this Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE), the designated stock exchange. The in-principle approval has been received from BSE for the listing of its Equity Shares vide its letter dated April 23, 2007.

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
	CHARTERED CAPITAL AND INVESTMENT LTD. SEBI Registration. No.: INM000004018 13, Community Centre, East of Kailash, New Delhi - 110065 Phones: (011) 26218274, 26419079, 26472557 Fax: (011) 26219491 Contact Person: Mr. HEEMADRI MUKERJEA E-Mail: charteredcapital@gmail.com Website: www.charteredcapital.net		MAS Services Limited SEBI Registration. No.: INR000000049 AB-4, Safdarjung Enclave New Delhi - 110 029 Ph:(011) 2610 4142, 2610 4326, 2610 4292 Fax:- 2618 1081 Contact Person: Mr. N.K.Rastogi e-mail:- info@masserv.com website: www.masserv.com

ISSUE PROGRAMME

ISSUE OPENS ON: October 18, 2007

ISSUE CLOSES ON: October 23, 2007

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS	i
FORWARD LOOKING STATEMENTS	viii
PRESENTATION OF FINANCIAL AND MARKET DATA	ix
RISK FACTORS	x
BUSINESS SUMMARY	1
BASIC TERMS OF THE ISSUE	3
SUMMARY OF FINANCIAL, OPERATING AND OTHER DATA	4
GENERAL INFORMATION	6
CAPITAL STRUCTURE OF THE COMPANY	10
OBJECTS OF THE ISSUE	18
BASIS FOR ISSUE PRICE	25
STATEMENT OF TAX BENEFITS	27
INDUSTRY OVERVIEW	33
BUSINESS OVERVIEW	41
OUR INDEBTEDNESS	50
KEY INDUSTRY REGULATIONS	53
OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS	54
OUR MANAGEMENT	61
OUR PROMOTERS	69
CURRENCY OF PRESENTATION	73
DIVIDEND POLICY	74
FINANCIAL INFORMATION	75
FINANCIAL INFORMATION OF GROUP COMPANIES	89
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	112
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	124
GOVERNMENT/STATUTORY AND BUSINESS APPROVALS	129
OTHER REGULATORY AND STATUTORY DISCLOSURES	131
ISSUE RELATED INFORMATION	137
MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	146
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	165
DECLARATION	167

DEFINITIONS AND ABBREVIATIONS**CONVENTIONAL/GENERAL TERMS**

TERM	DESCRIPTION
Act/Companies Act	The Companies Act, 1956
Articles/ Articles of Association / AOA	The Articles of Association of Rathi Bars Limited
Board/Board of Directors/Directors Indian GAAP	The Board of Directors of the Company, or a duly constituted Committee thereof Generally Accepted Accounting Principles in India
IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/ Memorandum of Association / MOA	The Memorandum of Association of Rathi Bars Limited
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended from time to time.
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 effective from January 27, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
Stock Exchange	BSE

ISSUE RELATED TERMS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue
Banker(s) to the Issue	HDFC Bank Limited and Centurion Bank of Punjab Limited
Application Form	The form in terms of which the investor shall make an application to subscribe to the Equity Shares of the Company and which will be considered as the application for Allotment in terms of this Prospectus
LM/Lead Manager/CCIL	Lead Manager to this Issue, in this case being Chartered Capital and Investment Limited
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
Equity Shares	Equity shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
First applicant	The applicant whose name appears first in the Bid cum Application Form or Revision Form
Issue	The fresh issue of 7142857 Equity Shares of Rs. 10 each fully paid up at Rs. 35 per Equity Share
Issue Management Team	The team managing this Issue as set out in the section titled “General Information” in this Prospectus

Issue Period	The Issue period shall be 18 October 2007 being the Issue Opening date, to 23 October 2007, being the Issue Closing date.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Non Institutional Applicants	All Applicants that are not Qualified Institutional Buyers or Retail Individual Applicants and who have Bid for Equity Shares for an amount more than Rs.1,00,000/-
Promoters	Mr. Kamlesh Kumar Rathi Mr. Anupam Rathi Mr. Anurag Rathi Mrs. Pushpa Rathi Mrs. Parnika Rathi Mrs. Nandita Rathi Anupam Rathi (HUF) Anurag Rathi (HUF)
Promoters Contribution	The money brought in by the Promoters as part of their contribution towards the Issue
Prospectus	The Prospectus, filed with the RoC containing, inter alia, this Issue Price, the number of Equity shares offered through this Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2500 lacs and Pension Funds with minimum corpus of Rs. 2500 lacs
“Rathi” or “the Company” or “our Company” or “Rathi Bars Limited” or “RBL” or “we” or “us” and “our” or “issuer company”	Rathi Bars Limited, a public limited company incorporated under the Companies Act, 1956.
Registrar/ Registrar to this Issue	In this case being M/s MAS Services Ltd. as indicated on the cover page of this Prospectus
Retail Individual Investors	Individual Investors (including HUFs and NRIs) who have not Bid for an amount more than Rs. 100,000 in any of the bidding options in this Issue.
Acknowledgement Slip	The slip or document issued by the Collecting Banker to the applicant as proof of submission of application form for this issue.

COMPANY/ INDUSTRY-RELATED TERMS

TERM	DESCRIPTION
Auditors	The statutory auditors of the Company namely A.K. Vaish & Co., Chartered Accountants, C-77, T-7, Ramprastha, District, Ghaziabad - 201 011 (U.P.)
BRM	Bar and Rod Mill
CC	Cash Credit

K.K.Rathi Group	In this prospectus refers to Shri K.K.Rathi and his family members (excluding his siblings and their families) and the companies under the direct and indirect control of Shri K.K.Rathi and his family members (excluding his siblings and their families).
Rathi family	In this prospectus refers to the Rathi family members and their companies as existed prior to the family understandings and inter se settlements from time to time. It is not a business group but a family whose members own separate businesses without any of the members having a say in the business controlled by the others.
Financial Year / Fiscal Year	The 12 months ended March 31, of a particular year unless otherwise specified
Promoter Group Company(ies)	M/s Rathi Breweries Ltd. M/s Rathi Overseas Pvt. Ltd. M/s Rathi Exports Pvt. Ltd. M/s Rathi Krishi Farm Pvt. Ltd. M/s Rathi Cereals Pvt. Ltd. M/s Rathi Special Steels Ltd. M/s Uddhav Investments Pvt. Ltd. M/s Uddhav Leasing & Finance Pvt. Ltd. M/s Anupam Cotfab Ltd. M/s Bhuvneshwari Leasing & Finance Pvt. Ltd. M/s Eleventh Hour Leasing & Finance Pvt. Ltd. M/s Maryada Holdings Pvt. Ltd. M/s Parnika Investments Pvt. Ltd. M/s Pranika Leasing & Finance Pvt. Ltd.
RoC	Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi - 110003
Registered Office of the Company	A - 24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044
Subsidiary Company	There are no subsidiary companies.

Abbreviations

TERM	DESCRIPTION
#	Number
&	And
AY	Assessment Year
ACP	Annual Capacity of Production
AGM	Annual General Meeting of the Company
AOA	Article of Association of the Company
AS	Accounting Standards
Aux.	Auxiliary
B.E.	Bachelor of Engineering
BED	Basic Excise Duty
BIS	Bureau of Indian Standards
BPLR	Benchmarking Prime Lending Rate

LM	Lead Manager, being Chartered Capital and Investment Limited
BSE	The Bombay Stock Exchange Limited, Mumbai
C	Carbon
C.A.	Chartered Accountant
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CDR	Cash Deposit Receipt
CDSL	Central Depository Services (India) Limited
CEGAT	Central Excise & Gold Appellate Tribunal
CESTAT	Customs Excise And Service Tax Appellate Tribunal
CFSB	Corporate Finance Services Branch
CII	Confederation of Indian Industries
CLB	Company Law Board
CM/cm	Centimeters
CMD	Chairman and Managing Director
Cmsqr	Centimeter Square
CO	Carbon Mono Oxide
CPP	Captive Power Plant
CR	Cold Rolled
CRC	Cold Rolled Coil
CTD	Cold Twisted Deformed
DCA	Department of Company Affairs
DG	Diesel Generator
Dia/dia	Diameter
SEBI/DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
DP	Depository Participant
DP ID	Depository Participant's identity
EGM	Extra-ordinary General Meeting of the Company
EPS	Earnings Per Share
ESI	Employee State Insurance
ESOP	Employees Stock Option Scheme
ESPS	Employee Stock Purchase Scheme
Etc./etc	Etcetera
ETO	Excise & Taxation Officer
EXIM	Export Import Policy, 2002-2007
Exim/EXIM	Export Import
F.Y / FY/Fiscal	Financial Year

Fax	Facsimile
FCNR	Foreign Currency Non Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed thereunder
FG	Finished Goods
FI	Financial Institution
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FIRC	Foreign Inward Remittance Certificate
GAAP	Generally Accepted Accounting Practices
GOI	Government of India
HC	High Carbon
HGST	Haryana General Sales Tax
Hr./hr	Hour
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961
ICWA	Institute of Cost & Works Accountants
IPC	Indian Penal Code, 1860
IPO	Initial Public Offer
IRDA	Insurance Companies registered with the Insurance Regulatory and Development Authority
ISI	Indian Standards Institution
K.G./ Kg/KG	Kilo Gram
Kms	Kilometers
KV	Kilo Volt
KVA	Kilo Volt Ampere
KW	Kilo Watt
LIC	Life Insurance Corporation of India
LRF	Ladle Refining Furnace
M.Com	Master of Commerce
M.S./MS	Mild Steel
Misc.	Miscellaneous
MkWh	Million Kilo Watt Hour
Mm/mm	Millimeter
Mn	Manganese
MNC	Multi National Company

MOA/Memorandum	Memorandum of Association of our Company
MODVAT	Modified Value Added Tax
MOU/ MoU	Memorandum of Understanding
MT	Metric Tonne
MW	Mega Watt
N.A.	Not Applicable
NAV	Net Asset Value
NCT	National Capital Territory of Delhi
NHAI	National Highway Authority of India
NMDC	National Mineral Development Corporation
ISO	International Standards Organization
NOC	No Objection Certificate
Nos.	Numbers
NRE	Non Resident External
NRIs	Non Resident Indians as defined under FEMA
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited
°C	Degree Celsius
OCB	Overseas Corporate Body
p.a./P.a.	Per annum
P/E	P/E multiple. P/E = Price per Share/Earning per Share
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PDB	Power Distribution Board
PF	Provident Fund
Pvt.	Private
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
QIB	Qualified Institutional Bidders
Qtr/ qtr	Quarter
R&D	Research & Development
RBI	Reserve Bank of India
RIICO	Rajasthan State Industrial Development & Investment Ltd.

RSSL	Rathi Special Steels Limited
Rs. / Rupees	Indian National Rupees
S.S./SS	Stainless Steel
SAIL	Steel Authority of India Limited
SEBI	The Securities and Exchange Board of India
SED	Special Excise Duty
SIDBI	Small Industries Development Bank of India
Sqr/sqr	Square
STO	Sales Tax Officer
t/yr	Tonnes per year
TAN	Tax Deduction Account Number
Tel	Telephone
TMT	Thermo Mechanically Treated
Ton/ton/T	Tonne
TPA	Tonne Per Annum
TPY	Tonne Per Year
TRS	Transaction Registration Slip
U.K.	United Kingdom
UIN	Unique Identification Number
USD	United States Dollar
www	World Wide Web

FORWARD LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. These forward looking statements generally can be identified by words or phrases like “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”. Similarly, the statements that describe our objectives, plans or goals are also 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 food processing industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, 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 (x) 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 nor the LM, 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 LM will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchange for the Equity Shares allotted pursuant to the Issue.

PRESENTATION OF FINANCIAL AND MARKET DATA

In this Prospectus, the terms “we”, “us”, “our”, “the Company”, “our Company”, “Rathi Bars Limited”, “Rathi” unless the context otherwise indicates or implies, refers to Rathi Bars Limited. In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac” means “one hundred thousand”, the word “million (mn)” means “ten Lac”, the word “Crore (cr)” means “ten million” and the word “billion (bn)” means “one hundred crore”. 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 figures have been expressed in lacs, except where otherwise mentioned.

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 01st April and ends on 31st March so all references to a particular fiscal year are to the twelve-month period ended 31st March 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 off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Prospectus, see the section Definitions and Abbreviations on page (i) of this Prospectus. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market Data

Unless stated otherwise, market data used throughout this Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and web site data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

RISK FACTORS

RISKS ENVISAGED BY MANAGEMENT & MANAGEMENT PERCEPTION (MP) THEREOF

All investments in equity shares involve 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 Equity Shares. If any of the following risks actually 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 a part of your investment. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections entitled “Business Overview” and “Management Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements” contained in this Prospectus.

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

A. INTERNAL RISK FACTORS

1. There is one criminal proceeding against our Directors, which if determined against them could have a material adverse impact on us.

Sargodha Vihar Co-operative Housing Society Ltd., New Delhi, (“Society”) has filed a criminal complaint on 18.3.1998 under Sections 420, 406, 120-B of the Indian Penal Code, 1860 against two Promoters of the Company namely, Shri Kamlesh Kumar Rathi and Shri Anupam Rathi on the ground that they were the

Directors of the Company named Gordhan Das Rathi Steels Ltd. which has not allegedly supplied the goods amounting to Rs. 10,05,737/- to the said Society hence attracts the provisions of criminal breach of trust, cheating and criminal conspiracy. The trial is at the stage of recording of pre-charge evidence.

Management Perception: The complainants filed the complaint against the Directors because they were also directors of the allegedly defaulting company.

2. There is a possibility of adverse impact on us in the event of the following legal/tax cases being determined against us.

Excise Cases:

There are 2 matters relating to excise duty against us. Orders have been passed and demands have been raised in 1 case, the second being a show cause notice. The Company had appealed against this order and the appeal had been decided in favour of the Company. However, the Exise department has filed a second appeal against the order of the first appellate authority (Commissioner (Appeals) Central Excise) with the second appellate authority, Custom and Excise Tribunal, New Delhi. As on date there is no liability on the Company.

The second matter is a show cause notice and the liability is yet to be frozen by way of an order. The appeal/representation against both the 2 matters is pending adjudication/review. (For details please see section on “Outstanding Litigation & Material Developments” on page 124 of this Prospectus).

Sales Tax Matters:

There are 11 matters relating to sales tax against us, the total probable liability of which amounts to Rs. 965.37 Lacs. However, a sum of Rs. 3.14 Lacs has been deposited as an interim payment against some of the demands raised. Appeals against all the stated matters are pending adjudication. If any of the appeals fail, the entire deposited amount against that particular appeal will not be refunded. (For details please see section on “Outstanding Litigation & Material Developments” on page 124 of this Prospectus).

Management Perception: All the cases of central excise in which orders have been passed are regular in nature and related with the routine visit of the Excise officials to the factory premises to compare the physical stock in hand and stock as per register. The case involving issue of Show Cause Notice is based upon evidence/papers collected by the sales tax authorities from an unrelated party and also from sources other than office/factory premises of the Company which may not be good and valid evidence in the eyes of law.

As far as routine cases of weighment are concerned the authorities have charged/created the demand based only on visual estimation of Stocks. In the past, most of the cases based on similar facts and evidence were decided in favour of the Company. This time also it is advised by the legal advisor of the Company that in all the pending cases the company has strong prima facie evidence in favour of Company.

Out of 11 cases under Sales Tax Acts in two different states namely Delhi and Rajasthan 5 cases are related to imposition of penalty. Even earlier, similar cases of penalty were imposed upon the company, but in all the cases the company succeeded in getting a favourable result in the appeal.

The other six cases are related with based upon documents collected by the Sales Tax Authorities from the residence of an unrelated person during their survey. Even earlier the company had succeeded in two similar matters based upon same similar documents. The legal advisor of the Company has advised that the entire demand is based upon ill founded documents.

3. There is a possibility of adverse impact on us in the event of the following legal/ regulatory cases being determined against us.

M/s Deepak Casting Ltd. has filed a winding up petition before the Hon'ble Delhi High Court under Section-433(e) of the Companies Act, 1956 on the ground that a sum of Rs. 43,75,630/- is the debt due from the Company and the Company is unable to pay such debts. The Hon'ble High Court passed an order on 7.1.2003 and directed the Company to deposit the disputed amount in the Court. The Company filed an appeal against the said order on 03.02.2003 on the ground that no amount is due since the goods supplied by Deepak Casting Ltd. were defective and hence returned back to them. The said appeal filed by the Company has finally been decided against the Company and the Company has deposited the amount of Rs. 43,75,630/- with the Registrar, High Court of Delhi on 24.4.2007. The winding up petition against the Company is pending adjudication.

(For details please see section on "Outstanding Litigation & Material Developments" on page 124 of this Prospectus).

Management Perception: The company has already submitted its reply and is awaiting an order.

4. Non Profitable ventures of Promoters

There are 16 ventures of the Promoters which are yet to commence business operations and hence the income flow generation has not started, as a result, 4 out of these 16 ventures have incurred notional losses during the last three financial years, the details of which are as under

(Rs. in lacs)

S.No	Name of Entity	Profits/(Losses) for the year ended March 31		
		2005	2006	2007
1.	Rathi Breweries Ltd.	1.76	0.96	1.55
2.	Rathi Iron Ltd.	(0.02)	(0.22)	0.29
3.	Rathi Overseas Pvt. Ltd.	1.72	0.90	1.74
4.	Rathi Oxygen Ltd.	(0.10)	(0.15)	(0.55)

5. The objects of the issue have not been appraised by any independent agency

The Objects of the Issue have not been appraised by any independent agency and the facts and figures are based on the internal assessments of the Company in consultation with its Statutory Auditors.

Management Perception: The management has decided to proceed on the project based on its own observations and assessments.

6. Some of the orders for Plant & Machinery and other equipment not yet placed

We are yet to place orders for major part of the Plant and Machinery that we propose to purchase as per the objects of the issue mentioned on page no 18 of this prospectus. The balance equipment required is valued at Rs. 1019.2 Lacs exclusive of excise duty, cess and sales tax (73.79% of the total requirement as per the estimated project cost) Orders for the same shall be placed after receipt of issue proceeds.

Management Perception: We have identified the suppliers and obtained their quotations which we are evaluating. Final orders will be placed once the evaluation process is over. Moreover, we have already started the purchasing the required Plant and Machinery.

7. Risks related to shortfall or non-availability of Raw Material supplies, Fuel.

We outsource our critical raw materials viz. M.S. Ingot/ Billets and M.S. Scrap from local as well as out station sources. Our Company has multiple suppliers for all key raw materials with cumulative capacities significantly higher than our requirements. Our ability to remain competitive and maintain our market share is dependant upon our ability to source

adequate supply of the raw materials. Any delay or disruption in supply of raw material to our plant may affect our operations.

Management Perception: We maintain an optimum inventory for our raw materials which is adequate for our requirements. Our finished products are CTD and TMT bars, sales of which are normally made at prevailing market rates which includes the impact of increase in cost of raw material, if any.

8. Our Company faces competition from other companies within the Rathi Family, which manufacture similar products under the same brand names as used by us. We also face competition from other companies, which may affect our profitability.

Although partitions have taken place within the Rathi family, many of the companies (within the “Rathi Family”) continue to be in the same line of business of manufacturing steel bars. Hence, there is competition within the “Rathi Family”. This competition has been in existence for more than a decade among all members of “Rathi Family” who use “Rathi®” as a brand name.

Another company named Rathi Special Steels Limited (RSSL) belonging to the same group as RBL (K.K.Rathi Group) is also in the same line of business of manufacturing Steel Bars. Its plant is also based in Khushkhera.

Management Perception:

In the current scenario there is hardly any difference in the competition posed by a company within the “Rathi Family” or any other Company.

There are number of companies within the “Rathi Family”. All of them have a separate identity and have their own sales team to boost their respective sales. This competition has been in existence for the last one & half decades and turnover of all the companies are on rising trend.

This holds true even for RSSL, even though it is a new company. It has its own sales and marketing team and its production will not dent the sales of RBL as the market is large enough to absorb the supply made by RSSL without it having any impact of the turnover of RBL.

Our manufacturing facility is situated in Rajasthan and most of other plants of the Rathi Family are situated in the states of Uttar Pradesh.

Apart from these factors our keenness to rigorous quality control, customer service and dedicated sales team stand us in good stead against other producers of steel bars.

9. We are subject to restrictive covenants in certain short-term and long term debt facilities provided to us by our lenders

We have taken long term and short term loans from FIs/Banks. As per the signed loan agreements with them, there are certain standard restrictions imposed on us regarding entering into any scheme of merger, amalgamation, compromise or reconstruction, changing the ownership, control or management of the Company, amendment to the Memorandum or Articles of Association of the Company, effecting change in capital structure, incurring any capital expenditure in excess of the depreciation provided in previous financial year, declaration or payment of dividend out of reserves, undertaking any new project or expansion or make any investment or take assets on lease, not to create any additional encumbrances on the assets of the Company, not escrow future cash flows of the Company or create any charge or lien or interest of whatsoever nature thereon, making investments in or lending /advancing funds to or placing deposits with any other company, entering into secured or unsecured borrowing arrangements with banks, FIs, companies or other persons, undertaking guarantee obligations on behalf of any other companies or persons, sell, assign, mortgage, or otherwise dispose off any of the fixed assets, undertaking unrelated trading activities, invest by way of share capital in or lend or advance or place deposits with any other concern except normal trade credit or security deposits, undertake guarantee obligations of behalf of the firm, undertake guarantee obligations of behalf of any other company and other such matters. We are required to obtain their prior approval before initiating such changes.

Management Perception: Though these covenants restrict the operations of the Company, to a certain extent they also ensure financial discipline and help the Company in the long run in improving its financial performance. However, we have obtained the requisite approvals from the lending agencies for coming out with the proposed Initial Public Offer in terms of this offer document.

10. In the event that the relationship between us and our employees are strained or there is a shortage of skilled labour, our business could suffer a negative impact

Our manufacturing activities are labour intensive and rely heavily on our employees and on the employees' ability to provide high quality services. In the event of a shortage of skilled labour or a stoppage caused by disagreements with our employees in the future, it could affect our ability to meet quality standards in manufacturing and timely completion of orders, which could lead to reduced business.

Management Perception: We try and maintain good relationship with our employees by providing them facilities like comprehensive medical aid etc. and have not faced any problems with them in the past nine years of operations.

11. Operations at our existing plant at Khushkhera are susceptible to accidents

Improper handling of processes may result in accidents which could cause injuries to our employees, workers and cause damage to properties. This may affect our operations adversely.

Management Perception: We have taken insurance cover against risk of damage to equipment, employees and third parties as well as potential liabilities. There have been no major accidents in last 5 years. As the provisions of Employees State Insurance Act 1948, are not applicable to the Company, the management has not absolved itself of its responsibility towards its employees and provides comprehensive medical facilities to its workers.

12. Non - exclusive right to use the "Rathi®" Trademark as per the terms & conditions for grant of licence in accordance with registered user agreement dated March 2, 1998 might make it difficult for the customers in the open market to distinguish between the products manufactured by RBL bearing the trademark "Rathi®" and the products manufactured by other members of the Rathi family bearing the same trademark "Rathi®".

We have a non-assignable, non-exclusive licence to use the trademark "Rathi®", pursuant to a licence granted under Registered User Agreement dated March 2, 1998 and Trade Mark registered user agreement dated April 13, 2004 between us and the Rathi Research Centre, a trust, constituted under a Trust Deed dated October 18, 1999. Rathi Research Centre has six trustees out of which three trustees are Shri K.K.Rathi, Shri Anupam Rathi and Shri Anurag Rathi, who are also the present Whole Time Directors of our Company.

Apart from RBL, other members of the Rathi family and their companies in relation to their respective products are also using the trademark "Rathi®". It may not be possible for the customers in the open market to distinguish between the products manufactured by RBL bearing the trademark "Rathi®" and the products manufactured by other members of the Rathi family bearing the same trademark "Rathi®".

The details of the aforementioned agreement have been suitably detailed in the section-"Other Agreements" on the Page No. 57 of this prospectus.

Management Perception: Our products bear the common trademark "Rathi®" but also bear a distinguishing inscription "Rathi® RBL" for CTD bars and "Rathi® THERMEX® RBL" for TMT bars. These marks enable the dealers to easily distinguish between the products of RBL from those manufactured by other companies of the Rathi family.

13. Non - exclusive right to use the "Thermex®" trademark.

An agreement was entered into on 28th June 2000 with H&K Rolling Mill Engineers Private Limited for use of "Thermex®" Technology patented by M/s Henningsdorfer Stahl Engineering GmbH, Germany for production of the goods and another agreement was entered into on dated 25th February 2003 with H&K Rolling Mill Engineers Private Limited for use of "Thermex®" Trademark registered in India under No. 449506 B.

Under the agreement for use of "Thermex®" Technology the Company was allowed to install the Thermex® cooling system. The amount paid for installing this system was Rs. 29.00 lacs (Rupees Twenty Nine Lacs only) and the Royalty payable under these agreements is as follows:

During the first four years commencing from January 1, 2002, Rs. 10.00 (Rupees Ten only) per tonne of steel produced by this system subject to the minimum tonnage of 3300 tonnes/month in the first year, 5000 tonnes/month in second year and 6600 tonnes/month in the third and fourth year.

After fourth year, the royalty payable was agreed at the rate of Rs. 5.00 (Rupees Five) per tonne subject to the minimum tonnage of 6600 tonnes/month.

The agreement for use of "Thermex®" Trademark shall automatically terminate if and when the Proprietor (H&K Rolling Mill Engineers Private Limited) ceases to hold control over standards and quality of the goods produced by the

user bearing the Trademark, or when the relationship between the Proprietor and the user ceases, and thereupon the user shall not use the said trademark. Pursuant to agreement entered into by us for use of the “Thermex®” trademark, we do not have the exclusive licence to use the said trademark in relation to our products. Similar rights have been granted also to Rathi Super Steel Ltd. and Rathi Udyog Limited

For further details please refer to the details of the agreement given on the Page No. 57 of this prospectus.

Management Perception: The management is of the opinion that this risk factor is self explanatory and has no comments to offer for the same.

14. We will be required to cease using trademarks and/or technology in relation to our goods, in case of non-renewal or termination of our technology and/or trademark agreements.

Subject to the specific terms and conditions of the technology and/or trademark agreements entered into by us, upon termination or expiry and non-renewal of such agreements, we shall be required to cease using of such technology and/or trademarks, in relation to our products. For further details please refer to the section ‘Other Agreements’ on the Page No. 57 of this prospectus.

Management Perception: The management is of the opinion that this risk factor is self explanatory and has no comments to offer for the same.

15. Our Promoters have common pursuits with some of the group company (ies).

Rathi Special Steels Limited (RSSL) is a company having common promoters. It is also in the same line of business of manufacturing steel bars. Its plant is also based in Khushkhera.

Management Perception: In view of the current market scenario and the demand there is room for lots of players. Rathi Special Steels limited would be no different than any other Company which is a Competitor to RBL.

16. Name of Shri Anupam Rathi was appearing on the RBI list of willful defaulters.

The name of Mr. Anupam Rathi as a defaulter was appearing in the database maintained by the Credit Information Bureau (India) Limited on their website i.e. www.cibil.com in the section Suit Filed Accounts of Rs. 1 Cr. and Above till June 30, 2005 as a director of M/s G D Rathi Steel Ltd.

Management Perception: The name of Mr. Anupam Rathi has been deleted from the website of Credit Information Bureau (India) Limited after June 30 2005 as the matter has been resolved by the Company in question and is not appearing in the list from September 30, 2005 onwards.

(Source:[http://suit.cibil.com:120/Suite/sssearchresults.asp?dunsNumber= &companyName=& bankName=All&state=All&city=&directors= Anupam&Seldate=09%2F30%2F2005&submit2=Search](http://suit.cibil.com:120/Suite/sssearchresults.asp?dunsNumber=&companyName=&bankName=All&state=All&city=&directors=Anupam&Seldate=09%2F30%2F2005&submit2=Search))

EXTERNAL RISK FACTORS

1. A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with gross domestic products (“GDP”) growing at 6.9% in fiscal 2005 and 8.5% in fiscal 2004. In its mid-term review of annual policy published on October 25, 2005, the RBI stated that its GDP growth forecast for fiscal 2006 is between 7.0% to 7.5% as a result of a pick-up in agricultural output and increased momentum in other sectors, and its inflation forecast for fiscal 2006 is around 5.0% to 5.5%. However, any slowdown in the Indian economy could reduce development of the steel industry and adversely affect our financial performance.

2. A significant change in the Government of India’s economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the Indian economy. The economic policies of the Government have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government’s policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

3. Negative changes in Government Policies may adversely affect our operations” instead of “changes in other Government policies.

Construction industry is the main consumer of our finished products. Any reduction in the public expenditure on Infrastructure by the Government would adversely impact the demand for Steel Bars. This would directly reduce the demand for the products manufactured by us. Further, any increase in import duty of scrap (one of the raw materials for manufacture of Steel bars) or any decrease in custom duty for import of Steel Bars would impact the profitability of the Company. Any such adverse change in the Government policies relating to the Stainless Steel, Sponge Iron, Ferro Alloys, and Iron Ore etc. may have an impact on the profitability of the Company. Such changes are not limited to but may be in respect of Sales Tax, Customs Duty, Import/ Export restriction, Excise Duty, VAT etc.

4. Barriers from source nations (from where we may import raw materials) may adversely affect our operations” instead of “change in global steel policies

Any change in policies by various countries, in terms of tariff and non-tariff barriers, from where we import our raw materials (scrap), would have an adverse impact on our cost of production which in turn would impact our profitability.

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

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

6. Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business. These acts may also result in a loss of business confidence and ultimately adversely affect our business.

Diplomatic relations between India and some of its neighbouring countries have been strained in the past. Any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the market price of the Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or in government policy. Such incidents could also create a perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

7. Cyclical nature of the Industry

World over, Iron and Steel Industry, is cyclical in nature leading to imbalance in the demand supply situation. When the supply exceeds the demand, the prices of the finished products would be affected. This would adversely affect our margins and impact the financial performance significantly.

8. Price volatility in Raw Material

The prices of basic raw materials i.e. Iron Ore (basic) and Coal have shown an upward trend in the recent past. This increase in prices of the raw materials leads to increase in cost of production. In case we are unable to increase the prices of our finished products our margins would be affected and impact the financial performance significantly.

9. Change in the Technology for production of Steel Bars.

Initially steel bars were produced from cold twisted bars called CTD technology. Now the technology has changed to “Thermex[®]” technology which uses a water quenching process. Any such further changes/ advancements in technology would require deployment of additional capital, since Iron & Steel Industry is a capital intensive industry. Any failure to keep abreast with technological advancements or our inability to deploy enough capital for up gradation of technologies would affect marketability of our products and in turn impact financial performance of our Company.

10. 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. To the extent that any uninsured risks materialize, our operating results and financial performance could be detrimentally affected.

11. After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and steel industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

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

12. Failure to comply with environmental laws, rules and regulations may adversely affect our business or operations

Environmental laws and regulations in India are becoming stringent and it is possible that they will become significantly more stringent in the future. If, as a result of non-compliance with any environmental regulations, any of our units or the operations of such units are shut down, we will continue to incur additional costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

13. Impact of the Chinese Steel manufacturer on the Indian Steel Industry

There has been massive capacity addition in China by steel manufacturers. Its finished steel capacity has increased by about 91 million tones from CY 2002 to CY 2004. This trend is likely to continue, as significant capacities are under various stages of implementation in China. During CY 2005 and CY 2006, around 107 million tones of capacity is expected to be added globally, out of which around 70 million tones of incremental capacity is expected in China.

(Source: CRIS INFAC Steel Products Update: December, 2005)

Capacity additions in China at such rapid pace could have an adverse impact on the steel industry as a whole and the prices will fall if the demand does not rise in accordance with the supply. We would not be affected by these capacity additions as they primarily deals in long products which are much more difficult to ship because of their sizes as compared to flat products which are more compact. Further, any construction activity typically requires various sizes of steel bars and importing all the sizes and making them available to the consumers at one go, is difficult. In addition to this, the demand pattern for the products manufactured by us, are on a just in-time basis. Therefore, it might be difficult to import the same and make them available along the same lines. Moreover, unlike prices of flat products which are driven by global trends, domestic prices of long products do not have a strong linkage with global prices and are driven by local demand - supply situation.

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

The Indian Steel Industries and in particular Steel Bar segment in which we operate is highly competitive. We face competition from low cost producers in various small companies specializing in limited segments of the market. A number of our competitors are larger than us and have greater financial resources. We also may face competition from new companies that are emerging, who would then attempt to obtain a share of our existing markets. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have a material adverse effect on our business, results of operations and financial condition. We cannot be certain that we will continue to compete successfully against either current or potential competitors in the future.

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

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The Central and State tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability. Several state governments in India have recently introduced a value added tax regime. The impact of the introduction of the value added tax regime on our business and operations will depend on a range of factors

including the rates applicable and the exemptions available to our facilities. Currently, we are unable to ascertain the impact of the value added tax regime on our business and operations. The Government of India has recently introduced a fringe benefit tax payable in connection with certain expenditures incurred by the Company which is likely to increase the tax liability of the Company.

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

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

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

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

Notes to Risk Factors

1. Public Issue of 7142857 Equity Shares of Rs. 10 each at a price of Rs. 35 for cash aggregating to Rs. 2500 Lacs.
2. The Net Worth of our Company before the Issue, as on June 30, 2007 is Rs.2820.62 lacs.
3. The average cost of acquisition of Equity Shares of Rs. 10/- each by our promoters, is as follows:

Name of our Promoters	Average cost of acquisition of shares (Rs.)
Mr. Kamlesh Kumar Rathi	0.57
Mr. Anupam Rathi	0.57
Mr. Anurag Rathi	4.65
Mrs. Pushpa Rathi	5.71
Mrs. Parnika Rathi	5.71
Mrs. Nandita Rathi	5.71
Anupam Rathi HUF	5.71
Anurag Rathi HUF	5.71

4. Book value per share of the Company is Rs. 28.65 as on March 31, 2007 (Rs. 30.70 as on June 30, 2007).
5. For details on total value of the Related Party Transactions please refer point section titled "Related Party Transactions" on page no. 85 of this Prospectus.
6. Investors are free to contact the LM - M/s Chartered Capital and Investment Limited for any complaints / information / clarification pertaining to this Issue. For contact details of the LM, please refer to the section of "Issue Management Team" on page no 7 & 8 of this Prospectus.
7. The LM and we shall make all information available 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.
8. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 25 of this Prospectus before making an investment in this Issue.
9. Our Promoters, have obtained shares at a price lower than the issue price in the last 12 months (from date of filing of Draft Offer Document with SEBI).

The details of the shares obtained are as follows:

Name of Promoter: Mr. Kamlesh Kumar Rathi

DETAILS OF TRANSFERS

Name of Transferee	Name of Transferor	Date of Acquisition	Mode of Acquisition	No. of shares	Price / Share (Rs.)
Mr. Kamlesh Kumar Rathi	Mr. Pawan Mittal	25.05.06	Transfer	100	1
	M/s.Parnika Investments (P) Ltd.	31.05.06	Transfer	15000	1
	M/s. Rathi Cereals (P) Ltd.	15.06.06	Transfer	10000	1
	M/s Rathi Overseas (P) Ltd.	22.06.06	Transfer	10000	1
	M/s Rathi Exports (P) Ltd.	29.06.06	Transfer	10000	1
	M/s Maryada Holdings (P) Ltd.	05.07.06	Transfer	5000	1
	M/s Parnika Leasing & Finance (P) Ltd.	12.07.06	Transfer	5000	1
	M/s Udhav Leasing & Finance (P) Ltd.	19.07.06	Transfer	10000	1
	M/s Udhav Investments (P) Ltd.	26.07.06	Transfer	10000	1
	M/s Eleventh Hour Leasing & Finance (P) Ltd.	10.08.06	Transfer	10000	1
	M/s Bhuvneshwari Leasing & Finance (P) Ltd.	12.08.06	Transfer	15000	1
	M/s Rathi Breweries Ltd.	18.08.06	Transfer	5000	1
	M/s Rathi Krishi Farm (P) Ltd.	19.08.06	Transfer	5000	1
	M/s Anupam Cotfab Ltd.	25.08.06	Transfer	10000	1
Total				120100	

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Mr. Kamlesh Kumar Rathi	Bonus Issue	16.12.06	90075
Total			90075

Name of the Promoter: Mr. Anupam Rathi

DETAILS OF TRANSFERS

Name of Transferee	Name of Transferor	Date of Acquisition	Mode of Acquisition	No. of shares	Price / Share (Rs.)
Mr. Anupam Rathi	Mr. Anand Arya	25.05.06	Transfer	100	1
	M/s Parnika Investments (P) Ltd.	31.05.06	Transfer	15000	1
	M/s Rathi Cereals (P) Ltd.	15.06.06	Transfer	10000	1
	M/s Rathi Overseas (P) Ltd.	22.06.06	Transfer	10000	1
	M/s Rathi Exports (P) Ltd.	29.06.06	Transfer	10000	1
	M/s Maryada Holdings (P) Ltd.	05.07.06	Transfer	5000	1
	M/s Parnika Leasing & Finance (P) Ltd.	12.07.06	Transfer	5000	1
	M/s Udhav Leasing & Finance (P) Ltd.	19.07.06	Transfer	10000	1
	M/s Udhav Investments (P) Ltd.	26.07.06	Transfer	10000	1
	M/s Eleventh Hour Leasing & Finance (P) Ltd.	10.08.06	Transfer	10000	1
	M/s Bhuvneshwari Leasing & Finance (P) Ltd.	12.08.06	Transfer	15000	1
	M/s Rathi Breweries Ltd.	18.08.06	Transfer	5000	1
	M/s Rathi Krishi Farm (P) Ltd.	19.08.06	Transfer	5000	1
	M/s Anupam Cotfab Ltd.	25.08.06	Transfer	10000	1
Total				120100	

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Mr. Anupam Rathi	Bonus Issue	16.12.06	90075
Total			90075

Name of the Promoter: Mr. Anurag Rathi

DETAILS OF TRANSFERS

Name of Transferee	Name of Transferor	Date of Acquisition	Mode of Acquisition	No. of shares	Price / Share (Rs.)
Mr. Anurag Rathi	Mr. Navin Kumar Garg	25.05.06	Transfer	100	1
	M/s Parnika Investments (P) Ltd.	31.05.06	Transfer	15000	1
	M/s Rathi Cereals (P) Ltd.	15.06.06	Transfer	10000	1
	M/s Rathi Overseas (P) Ltd.	22.06.06	Transfer	10000	1
	M/s Rathi Exports (P) Ltd.	29.06.06	Transfer	10000	1
	M/s Maryada Holdings (P) Ltd.	05.07.06	Transfer	5000	1
	M/s Parnika Leasing & Finance (P) Ltd.	12.07.06	Transfer	5000	1
	M/s Udhav Leasing & Finance (P) Ltd.	19.07.06	Transfer	10000	1
	M/s Udhav Investments (P) Ltd.	26.07.06	Transfer	10000	1
	M/s Eleventh Hour Leasing & Finance (P) Ltd.	10.08.06	Transfer	10000	1
	M/s Bhuvneshwari Leasing & Finance (P) Ltd.	12.08.06	Transfer	15000	1
	M/s Rathi Breweries Ltd.	18.08.06	Transfer	5000	1
	M/s Rathi Krishi Farm (P) Ltd.	19.08.06	Transfer	5000	1
	M/s Anupam Cotfab Ltd.	25.08.06	Transfer	10000	1
Total				120100	

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Mr. Anurag Rathi	Bonus Issue	16.12.06	90075
Total			90075

Name of the Promoter: Mrs. Pushpa Rathi

DETAILS OF TRANSFERS:

NIL

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Mrs. Pushpa Rathi	Bonus Issue	16.12.06	292433
Total			292433

Name of the Promoter: Mrs. Parnika Rathi

DETAILS OF TRANSFERS:

NIL

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Mrs. Parnika Rathi	Bonus Issue	16.12.06	315412
Total			315412

Name of the Promoter: Mrs. Nandita Rathi

DETAILS OF TRANSFERS:

NIL

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Mrs. Nandita Rathi	Bonus Issue	16.12.06	26250
Total			26250

Name of the Promoter: Anupam Rathi HUF

DETAILS OF TRANSFERS:

NIL

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Anupam Rathi HUF	Bonus Issue	16.12.06	272021
Total			272021

Name of the Promoter: Anurag Rathi HUF

DETAILS OF TRANSFERS:

NIL

DETAILS OF ALLOTMENT

Name	Mode of Acquisition	Date of Allotment	No. of Shares
Anurag Rathi HUF	Bonus Issue	16.12.06	217500
Total			217500

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles.

For the details of the Interest of Promoters/ Directors/ Key Managerial Personnel refer to the section of “Our Management” on page no. 61 of this Prospectus.

10. For details of outstanding loans and advances to any persons/companies in which directors are interested please refer to the section “Financial Information” on Page 75 of this Prospectus.
11. Investors should note that in case of over subscription in the Issue, Allotment will be made on a proportionate basis in consultation with Stock Exchange(s) as per the prevailing guidelines in this regard.

BUSINESS SUMMARY

SUMMARY OF THE INDUSTRY AND OUR BUSINESS

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 elsewhere in this Prospectus, before deciding to invest in our Equity Shares.

Overview of the Steel Industry

The International Iron & Steel Institute (IISI) in its forecast for 2006 has confirmed the trend of recent years of an increase in steel use in-line with general economic growth and with the fastest growth occurring in the countries with the highest GDP growth such as India and China. Apparent worldwide Steel Demand is forecast to grow to between 1,040 and 1,053 million tonnes in 2006 from a total of 972 million tonnes in 2004. This is a growth of 4-5% over the two-year period. However, according to IISI the cost of raw materials and energy would continue to represent a major challenge for the world steel industry.

In 2005 World Crude Steel output at 1129.4 million metric tonnes was 5.9% more than the previous year. China remained the world’s largest Crude Steel producer in 2005 also (349.4 million metric tonne) followed by Japan (112.47 million metric tons) and USA (93.89 million metric tons). India occupied the 8th position (38.08 million metric tons).

Steel industry was de-licensed and decontrolled in 1991 & 1992 respectively. Price regulation of iron & steel was abolished on 16.1.1992. Distribution controls on iron & steel removed except 5 priority sectors, viz. Defence, Railways, Small Scale Industries Corporations, Exporters of Engineering Goods and North Eastern Region. Allocation to priority sectors is made by Ministry of Steel.

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

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

After liberalization, there have been no shortages of iron and steel materials in the country. Apparent consumption of finished carbon steel increased from 14.84 million tonnes in 1991-92 to 42.636 million tonnes (Provisional) in 2005-06. Steel industry that was facing a recession for some time has staged a turnaround since the beginning of 2002. Efforts are being made to boost demand. China has been an important export destination for Indian steel. The steel industry is buoyant due to strong growth in demand particularly by the demand for steel in China. In 2005-06, production of Finished (Carbon) Steel was 42.636 million tonnes (Prov). Production of Pig Iron in 2005-06 was 3.856 Million Tonnes (Prov). Government has no control over prices of iron & steel. Open market prices are generally on rise. Price increases of late have taken place mostly in long products than flat products. At present, total (crude) steel making capacity is over 34 million tonnes and India, has to its credit, the capability to produce a variety of grades and that too, of international quality standards. As per the ratings of the prestigious “World Steel Dynamics”, Indian HR Products are classified in the Tier II category quality products - a major reason behind their acceptance in the world market. EU, Japan have qualified for the top slot, while countries like South Korea, USA share the same class as India.

Iron & Steel are freely importable as per the extant policy. India has been importing around 1.5 Million Tonnes of steel annually. Iron & Steel are freely exportable. Advance Licensing Scheme allows duty free import of raw materials for exports. Duty Entitlement Pass Book Scheme (DEPB) introduced to facilitate exports.

(Source: www.steel.nic.in)

Overview of our Business

Starting from a re-rolling mill with a production capacity of 369 kilograms per day, today RATHI® has a production capacity of over 1 million tones annually, being produced at multi-locational, modern plants. RATHI® Family produces high strength steel bars for the secondary steel sector of India. The family takes pride in being the exclusive licensee for Thermex steel bars for entire Northern India.

RATHI® has been used in building monumental landmarks and projects like the Lotus Temple, Delhi Metro Rail Corporation, LIC Building, the Chattarpur Mandir Complex, Narora Atomic Power Station, numerous flyovers, skyscrapers etc.

Rathi Bars Limited is an unlisted Public Limited Company. The Company is presently involved in the business of manufacturing Steel Bars, which is used in the Construction of Multistoried Buildings, Dams, bridges, flyovers, and power plants as a basic reinforcement material. The Company is manufacturer of Cold Twisted Deformed (CTD) Bars and Thermo-Mechanically Treated (TMT) Steel Bars of various dimensions, which are broadly categorized as the Long products in the Steel industry. The main raw material is MS ingot, which is easily available from locations nearby our Plant. The Rathis were amongst the first to adopt the technology of Tor-Steel in the country from Tor Istag Steel Corporation, Luxemburg, through the Tor-Steel Research Foundation of India.

The Company's products meet BIS 1786:1985 and ISO 9002 specifications. The manufacturing facility of the Company is situated at SP1 - 7, RIICO Industrial Area, Khushkhera, P.O. Tapukra-301701, District Alwar, Rajasthan. Our Company started its commercial production on 27.07.1996 with a capacity of 48000 Metric Tonnes per annum and has now reached an installed Capacity of 80000 Metric Tonnes per annum (as on June 30, 2007).

The current production volume is around 67500 Metric Tonnes per annum. Our Company sells its products through more than 800 retail outlets spread throughout Northern India. Besides the dealership network, we also have our own marketing team consisting of highly experienced marketing personnel, for direct marketing of the products to the Government, Semi-Government bodies and other Corporate clients. Our customer profile includes the names of the groups like - DLF, ANSALS, OMAXE, ELDECO, DMRC, HERO HONDA, HALDIRAM, EXIDE etc to name a few, and various other co operative Group Housing Societies, builders and corporate consumers.

RBL manufactures following types of steel bars:

Cold Twisted Deformed Bars (CTD Bars) gained acceptance from civil and structural engineers due to increased strength by cold twisting process.

CTD rebars used for reinforcement in Civil Works in the country generally conform to Grade Fe-415 of Bureau of Indian Standards BIS 1786, and are widely used by Indian construction industries.

Though most of the European countries have given up the use of CTD bars and started using thermo processed bars, these bars are still being used extensively in many of the developing countries like India, mainly due to their economic cost and high strength.

Thermo-mechanically treated bars (TMT Bars): though thermally processed steel bars are termed as TMT bars, the technology providers indicate that the process only involves quenching and tempering process without any mechanical treatment. Hence, they term these bars as Quenched and Tempered bars.

Our Financials

As of June 30, 2007, our total assets were Rs. 6201.42 lacs and for the three months ending June 30, 2007 our total turnover was Rs. 5570.67 lacs. Our net profit after tax was Rs 192.33 Lacs. For details refer to "Financial Information" on 73 of the prospectus.

Our Business strategy

The Company has decided to develop and enlarge its business operations through its expansion and modernization plans. Under this plan, the Company intends to commence the production of steel billets among other things.

Our Competitive Strengths

We believe that the following are our principal competitive strengths, which differentiate us from other similar Indian Steel Companies.

- We are using "Thermex®" technology that has gained widespread acceptance in the construction Industry in a short span of time. The "Thermex®" water quenching process makes the Steel earthquake resistant.
- We have a network of more than 800 dealers and distributors spread across India.
- In addition to above, we also have our in house direct marketing team.
- Our Products meet BIS 1786:1985, ISO 9002 specifications. We have talented, skilled and qualified manpower to look after different activities at various levels in the organization.
- The company provides regular training to staff to keep them updated on all issues related to our Industry.

BASIC TERMS OF THE ISSUE

Equity Shares offered by the Company	7142857 Equity Shares
Of which	
Reserved for allotment to Employees	2,00,000 Equity Share
Reserved for allotment to NRIs/FIIs	20,00,000 Equity Shares
Net issue to Public	49,42,857 Equity Shares
Equity Shares outstanding prior to the Issue	As on 30 th September 2007- 9187500 Equity Shares
Equity Shares outstanding after the Issue	16330357 Equity Shares
Use of Issue proceeds	Please see section titled “Objects of the Issue” on page no. 18 of this Prospectus.

Note:

- 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 OF FINANCIAL, OPERATING AND OTHER DATA

The following summary financial and operating information is derived from our restated financial statements as of March 31, 2003, 2004, 2005, 2006 and 2007 and the three month period ended June 30, 2007, as described in the Auditors Report in the section titled "Financial Information" appearing on page 75 of this Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and have been restated as required under the SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Information" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 75 and 112, respectively, of this Prospectus.

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Statement of Profit & Loss Account	(Rs. in lacs)					
PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
INCOME						
SALES	7,148.00	9,944.30	13,685.71	16,141.01	19,124.48	5,570.67
Other Income/ Job Work	53.62	16.38	21.66	365.78	169.83	2.38
Increase/(Decrease) in Stock	57.27	149.78	2.20	(238.96)	148.60	142.17
Total	7,258.90	10,110.46	13,709.57	16,267.82	19,442.90	5,715.21
EXPENDITURE						
Raw Material Consumed & Purchase	5,436.09	7,801.41	10,976.39	11,721.53	13,546.71	3,887.88
Manufacturing Expenses	1,390.68	1,760.22	2,065.72	3,260.22	4,516.15	1,445.49
Payment and provision for employees	20.44	30.29	35.82	37.05	50.64	14.98
Administration & Other Expenses	125.74	126.86	198.74	353.22	258.63	59.23
Miscellaneous Expenses written off	1.02	1.01	1.11	1.11	1.11	0.28
Total	6,973.97	9,719.79	13,277.78	15,373.14	18,373.23	5,407.86
Profit before Interest, Depreciation and Tax	284.92	390.68	431.80	894.69	1,069.67	307.36
Depreciation	68.77	79.89	105.68	158.16	193.37	41.69
Profit before Interest and Tax	216.16	310.79	326.12	736.52	876.30	265.67
Interest & Finance Charges	47.48	61.78	85.96	123.14	98.89	29.93
Loss on sale of Investment/Assets	1.18	0.00	0.20	1.38	0.02	0.00
Net Profit Before Tax	167.49	249.01	239.95	612.00	777.40	235.74
Less:- Provision for Income Tax for current year	0.00	0.00	3.59	19.27	24.15	43.29
Less:- Fringe Benefit Tax	0.00	0.00	0.00	2.69	3.07	0.30
Less:- IncomeTax For Earlier Years						
Less:- Provision for Deferred tax liabilities for the year	(2.00)	0.38	8.29	17.86	147.20	(0.17)
Less:- Provision for Gratuity up to 2001						
Profit after Tax	169.49	248.63	228.06	572.17	602.98	192.33
Add:- Balance b/f from last year	264.69	434.18	682.81	910.87	1,483.04	2,086.03
Less:- Provision for Deferred tax liabilities for previous year						
Balance Carried to Balance Sheet	434.18	682.81	910.87	1,483.04	2,086.03	2,278.36
Net Profit as Restated	169.49	248.63	228.06	572.17	602.98	192.33
Profit and Loss Balance at the beginning of the year	264.69	434.18	682.81	910.87	1,483.04	2,086.03
Balance Carried to Balance Sheet	434.18	682.81	910.87	1,483.04	2,086.03	2,278.36

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Statement of Assets and Liabilities		(Rs. In lacs)					
PARTICULARS		AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
A	FIXED ASSETS						
	Gross Block	940.10	1,355.36	2,143.69	2,445.27	2,485.94	2,486.43
	Less: Depreciation	377.97	450.89	544.01	678.50	863.27	904.96
	Net Block	562.13	904.46	1,599.68	1,766.78	1,622.67	1,581.47
	Less : Revaluation Reserve						
	Net Block after adjustment for Revaluation Reserve	562.13	904.46	1,599.68	1,766.78	1,622.67	1,581.47
	Capital Work in Progress	201.98	32.99	75.61	104.15	182.67	323.39
	Total Fixed Assets (A)	764.11	937.45	1,675.30	1,870.92	1,805.34	1,904.86
B	INVESTMENTS (B)	0.31	0.62	216.63	94.05	307.33	257.33
C	DEFERRED TAX ASSETS (NET)	27.59	27.21	18.91	1.05	(146.15)	(145.98)
D	CURRENT ASSETS, LOANS AND ADVANCES						
	Inventories	535.62	714.45	983.10	788.89	758.41	1,222.39
	Sundry Debtors	381.53	469.81	561.83	1,040.07	1,556.80	1,690.68
	Cash and bank Balance	47.02	294.38	133.26	252.26	55.43	84.36
	Loans and Advances	363.65	461.35	483.68	645.07	932.62	1,187.78
	Total (C)	1,327.82	1,939.99	2,161.87	2,726.30	3,303.26	4,185.21
E	LIABILITIES AND PROVISIONS						
	Secured Loans	244.98	715.90	1,278.45	1,133.83	955.71	1,227.21
	Unsecured Loans	311.34	355.11	359.38	421.61	486.59	486.59
	Current Liabilities & Provisions	744.80	765.91	962.86	1,091.57	1,195.59	1,667.00
	Deferred Tax liability						
	Total (D)	1,301.11	1,836.92	2,600.68	2,647.01	2,637.89	3,380.80
F	NET WORTH (A+B+C+D-E)	818.71	1,068.35	1,472.03	2,045.31	2,631.88	2,820.62
G	REPRESENTED BY:						
	Share Capital	350.00	350.00	525.00	525.00	918.75	918.75
	Share Application Money						
	Total Reserves and Surplus	474.77	723.40	951.46	1,523.63	1,732.87	1,925.20
	Less Revaluation Reserves						
	Net Reserve and Surplus	474.77	723.40	951.46	1,523.63	1,732.87	1,925.20
	Miscellaneous Expenditure	6.06	5.05	4.43	3.32	19.74	23.33
	NET WORTH	818.71	1,068.35	1,472.03	2,045.31	2,631.88	2,820.62

GENERAL INFORMATION**Rathi Bars Limited**

Our Company was incorporated on 10th August 1993 as Rathi Bars Limited under the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana vide Co. Registration No. 55-54781.

Our Company received the Certificate for Commencement of Business on 18th Day of March 1994

Registered Office	A - 24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044, INDIA
Telephone Number	+91 11 41831191 - 96
Fax Number	+91 11 41679787
Website	www.rathisteels.com
Electronic Mail	contact@rathisteels.com

The Registered Office of the Company was shifted:

From	To	On
6, Sadhna Enclave, New Delhi - 110017	B - 1/9, Malviya Nagar, New Delhi - 110017	27.03.2006
From	To	On
B - 1/9, Malviya Nagar, New Delhi - 110017	A - 24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044	27.11.2006

The office was shifted as there were space constraints for the staff to effectively function in the old premises.

Registered with the Registrar of Companies, NCT Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi-110003.

Registration Number	55-54781 of 1993
Corporate Identity Number	U74899DL1993PLC054781

Board of Directors:

The Company is currently managed by Board of Directors comprising of 6 Directors. Mr. Kamlesh Kumar Rathi is the Managing Director of the Company. He is managing the day-to-day affairs of the Company. Our Board of Directors comprises of the follows:

Name	Designation	Status	Director Identification Number
Mr. Kamlesh Kumar Rathi	Managing Director	Executive Director	00112321
Mr. Anupam Rathi	Whole Time Director	Executive Director	00063349
Mr. Anurag Rathi	Whole Time Director	Executive Director	00063345
Mr. Harkishore Kejriwal	Director	Independent Director	00125247
Mr. Binod Kumar Maheswari	Director	Independent Director	00469637
Mr. Ashok Kumar Garg	Director	Independent Director	00378643

Brief Profile of the Directors of the Company:

Mr. Kamlesh Kumar Rathi, aged 66 years, is a graduate and among the pioneers to introduce specialty steel in India in 1960's. He is in-charge of the general administration of the organization. Under his capable guidance and direction, the Company has undertaken several modernisation and diversification programs successfully and economically and has grown by leaps and bounds.

Mr. Anupam Rathi, aged 39 years, is an Engineering graduate having a practical experience of 18 years. He has been associated with the steel industry since a very early age. He is in-charge of the finance, inventory and sales departments of the Company.

Mr. Anurag Rathi, aged 35 years, is a graduate. He learnt the steel manufacturing process by involving himself in the production process of Steel Bars. He is in-charge of the production, technical and stores purchase departments of the Company.

Mr. Harkishore Kejriwal, aged around 81 years is a businessman who started his career as a Stock-Broker and then ventured into various businesses like Textiles, Mining etc. He is actively associated with Karnataka Chitrakala Parishad, Bangalore since its inception. He founded the HK Kejriwal Foundation in the year 1970. This foundation gives grants to various institutions associated with art, education, medicine and welfare of underprivileged children.

Mr. Binod Kumar Maheswari, aged around 56 years is a graduate having over 30 years of experience in the Packaging Industry. After graduation in 1970, he started steel trading business and in 1976 he switched over to manufacturing of Flexible Packaging as a Small Scale Industry unit, in Kolkata. Thereafter, he expanded his business by setting up the plants in Pondicherry, Kanpur and Baddi (Himachal Pradesh).

Mr. Ashok Kumar Garg, aged 57 years is a Commerce Graduate having over 30 years of experience as a businessman. He is actively associated with various companies in the field of oil, cold storage and leather goods.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. GAURAV KAPOOR

Rathi Bars Limited

A - 24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044, INDIA

Tel: +91 11 41831191 - 96, Fax No: +91 11 41679787

E-Mail: contact@rathisteels.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 COMPANY

M/s. Suman Khaitan & Company, Advocates

W-13, West Wing, Greater Kailash Part-II

New Delhi-110048

Tel: 011 32964341, 41639538

Fax: 011 29217108

Email: suman@sumankhaitanco.co.in

Contact Person: Mr. Suman Jyoti Khaitan

BANKERS TO THE COMPANY

State Bank of Bikaner & Jaipur

A-1/19, Safdarjung Enclave, New Delhi - 110029

Tel : +91 11 26100374, 26100364

Fax: +91 11 2619413

E-Mail: sbbj10579@sbbj.co.in

Centurion Bank of Punjab Limited

C - 32, Malviya Nagar, New Delhi - 110017

Tel: +91 11 26676362, 26676466

Fax: +91 11 26676466

Centurion Bank of Punjab Limited

C-41, Friends Colony (East), New Delhi - 110065

Tel: +91 11 26326845

Fax: +91 11 41627863

Bank of Baroda

RIICO Chowk,

Bhiwadi, District Alwar, Rajasthan

Tel : +91 1493 220226

E-Mail: alwar@bankofbaroda.com

HDFC Bank Limited (Bhiwadi)

Plot No. SP-54, Ashiana Arcade,
RIICO Industrial Area, Bhiwadi,
District Alwar, Rajasthan - 301019
Tel : +91 1493 225646
Fax: +91 1493 225645

HDFC Bank Limited (Delhi)

B - 6/3, Safdarjung Enclave, New Delhi - 110029
Tel : +91 11 41392100
Fax: +91 11 26191990

UTI Bank Limited

D - 81, Malviya Nagar, New Delhi-110017
Tel : +91 11 41831431-34
Fax: +91 11 41010000
E-Mail: ibrm@utibank.co.in

LEAD MANAGER TO THE ISSUE



Chartered Capital & Investment Limited
SEBI registration no., INM000004018
13, Community Centre,
East Of Kailash,
New Delhi - 110065.
Contact Person: **Mr. HEEMADRI MUKERJEA**
Tel: 91 11 26472557, 26218079, 26218274
Fax: 91 11 26219491
E-mail: charteredcapital@gmail.com
Website: www.charteredcapital.net

REGISTRAR TO THE ISSUE

MAS Services Limited
SEBI registration no.: INR000000049
AB-4, Safdarjung Enclave
New Delhi - 110 029
Ph:(011) 2610 4142, 2610 4326, 2610 4292
Fax:- 2618 1081
Contact Person: Mr. N.K.Rastogi
e-mail:- info@masserv.com
website: www.masserv.com

BANKERS TO THE ISSUE

1) HDFC Bank Ltd.
26A, Narayan Properties
Opposite Saki Vihar
Andheri (East)
BTI Operation, Mumbai
Tel: 91-22-28569228, 09324714629
Fax: 91-22-28569256
Contact Person: Clayton Mendonca
Email-clayton.mendonca@hdfcbank.com
Website: www.hdfcbank.com

2) Centurion Bank of Punjab Limited
Modern Centre, C wing, Ground Floor
Sane Guruji Marg
Mahalaxmi (East)
Mumbai-400011
Tel: 91-22-67540000, 09323170088
Fax: 91-22-67540011
Contact Person: Nikhil Chopra
Email- nikhil.chopra@centurionbop.co.in
Website: www.centurionbop.co.in

BROKERS TO THE ISSUE

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

AUDITORS TO THE COMPANY

A.K. Vaish & Co., Chartered Accountants,
C-77, T-7, Ramprastha,
District, Ghaziabad - 201 011 (U.P.)
Tel: +91 120 2777351
Fax: +91 120 2777351

CREDIT RATING

This being an issue of Equity Shares, credit rating is not compulsory and has not been opted for.

IPO GRADING

The Company has not opted for IPO grading of the present issue.

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not compulsory and hence has not been done.

MONITORING AGENCY

No agency has been appointed to monitor the utilization of funds as it is not compulsory as per the applicable statute for the present size of the issue.

APPRAISAL

The issue has not been appraised by any independent agency.

BOOK BUILDING PROCESS

This being a fixed prices issue the Book Building Process is not applicable.

UNDERWRITING

We do not propose to execute the option for underwriting the Issue.

WITHDRAWAL OF THE ISSUE

We, in consultation with the Lead Managers, reserve the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment, without assigning any reason whatsoever.

CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL as on the date of filing this Prospectus with SEBI

(Rs. in Lacs)

	NOMINAL VALUE	AGGREGATE VALUE
A. Authorised Capital		
18000000 Equity Shares of Rs.10/- each	1800.00	1800.00
B. Issued, Subscribed And Paid Up Capital		
9187500 Equity Shares of Rs.10/- each fully paid up	918.75	918.75
C. Present Public Issue		
7142857 Equity shares of Rs.10/- each being offered at a premium of Rs.25/- per share each fully paid up	714.29	2500.00
D. Out of (C) above		
2,00,000 Equity Shares of Rs.10/- each being issued at a premium of Rs. 25 each fully paid up reserved for allotment to Employees on competitive basis.	20	70
20,00,000 Equity Shares of Rs.10/- each being issued at a premium of Rs. 25 each fully paid up reserved for allotment to NRIs/ FIIs on competitive basis.*	200	700
Net Offer to Public		
49,42,857 Equity Shares of Rs.10/- each being offered at a premium of Rs.20-25 each fully paid up payable in cash	494.29	1730
E. Total paid-up capital after the Public Issue		
16330357 Equity Shares of Rs.10/- each	1633.04	3418.75
F. Share Premium Account		
Before the Issue		NIL
After the Issue		1785.71

Notes:

Our Authorised Capital at the time of Incorporation was Rs. 5 Lacs divided into 50,000 Equity Shares of Rs. 10/- each.

At the Extraordinary General Meeting held on January 10, 2007, the authorised share capital was increased to Rs. 1800 Lacs divided into 180 Lac equity shares of Rs. 10 each.

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

Details of the increase in Authorised / Paid up Capital

Date of Shareholder Approval at EGM / AGM	Increase (In Rs. Lacs)	
	From	To
EGM held on 28.03.1994	5	50
AGM held on 28.09.1994	50	150
EGM held on 10.07.1998	150	200
EGM held on 23.02.1999	200	250
EGM held on 27.01.2003	250	350
EGM held on 23.07.2004	350	450
AGM held on 30.08.2004	450	525
EGM held on 11.12.2006	525	1000
EGM held on 10.01.2007	1000	1800

CAPITAL BUILD UP: The existing share capital of the company has been subscribed and allotted as under:

Date of issue/ allotment	No. of Shares	Face Value (Rs)	Issue Price (Rs)	Consid- eration	Value (Rs)	Cumulative capital	Description
25.06.93	800	10	10	Cash	8000	8000	Subscribers to Memorandum
30.11.94	1499200	10	10	Cash	14992000	15000000	Fresh Issue
31.03.99	1000000	10	10	Cash	10000000	25000000	Fresh Issue
28.02.03	950000	10	10	Cash	9500000	34500000	Fresh Issue
31.03.03	50000	10	10	Cash	500000	35000000	Fresh Issue
27.09.04	1750000	10	10	Cash	17500000	52500000	Fresh Issue
16.12.06	3937500	10	-	Bonus 3:4*	39375000	91875000	Bonus Issue
Total	9187500				91875000		

*Bonus issue is made by Capitalizing Rs. 39375000/- from the General reserve in the ratio of Three Fully Paid up Equity Shares for every Four Equity Shares held by the members of the Company on 11th December 2006.

PROMOTERS' CONTRIBUTION AND LOCK-IN-PERIOD:

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

Name of Promoters	Date of allotment/ Transfer	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital
Mr. Anurag Rathi	25.06.93	Cash	100	10	10	
	30.11.94	Cash	42500	10	10	
	31.03.97	Cash	2595	10	10	
	31.03.99	Cash	145000	10	10	
	10.04.99	Cash	(1950)	10	10	
	28.02.03	Cash	110000	10	10	
	27.09.04	Cash	160000	10	10	
	16.12.06	Bonus	343684	10	-	
	TOTAL		801929			4.91
Mrs. Pushpa Rathi	15.04.97	Cash	28101			
	10.04.99	Cash	20000	10	10	
	10.04.99	Cash	20500	10	10	
	10.04.99	Cash	60000	10	10	
	10.04.99	Cash	(9595)	10	10	
	27.09.04	Cash	112500	10	10	
	16.12.06	Bonus	292433	10	-	
	TOTAL		523939			3.21
Mrs. Parnika Rathi	25.06.93	Cash	100	10	10	
	30.11.94	Cash	20000	10	10	
	31.03.97	Cash	2000	10	10	
	15.04.97	Cash	100	10	10	
	15.04.97	Cash	30000	10	10	
	10.04.99	Cash	1950	10	10	
	10.04.99	Cash	(20500)	10	10	
	10.04.99	Cash	(4000)	10	10	
	10.04.99	Cash	900	10	10	
	27.09.04	Cash	390000	10	10	
	16.12.06	Bonus	315413	10	-	
	TOTAL		735963			4.51
Mrs. Nandita Rathi	30.11.94	Cash	20000	10	10	
	10.04.99	Cash	(5000)	10	10	
	27.09.04	Cash	20000	10	10	
	16.12.06	Bonus	26250	10	-	
	TOTAL		61250			0.38

Anupam Rathi HUF	31.03.99	Cash	115000	10	10	
	10.04.99	Cash	9595	10	10	
	10.04.99	Cash	4000	10	10	
	10.04.99	Cash	5000	10	10	
	10.04.99	Cash	(20000)	10	10	
	10.04.99	Cash	59100	10	10	
	28.02.03	Cash	155000	10	10	
	31.03.03	Cash	35000	10	10	
	16.12.06	Bonus	272021	10	-	
	TOTAL		634716			3.89
Anurag Rathi HUF	28.02.03	Cash	80000	10	10	
	27.09.04	Cash	210000	10	10	
	16.12.06	Bonus	217500	10	-	
	TOTAL		507500			3.11
	GRAND TOTAL		3265297			20.00

- The Equity Shares being locked-in for a period of three years from the date of Allotment/transfer and which have been issued for consideration other than cash have been issued through a bonus issue and are not from a bonus issue out of a revaluation reserves or reserves without accrual of cash resources.
- All Equity Shares, which are being locked-in, are not ineligible for computation of Promoters' contribution and lock-in under Clause 4.6 of the SEBI Guidelines.
- All the promoters have given their consent for lock in as stated above. Shares issued last have been locked in first.
- Other than the above, the entire pre-issue capital of the Company shall be locked in for a period of one year from the date of allotment of shares in the public issue.
- An over subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding off to the nearest multiple of the minimum allotment lot.

3) Share capital locked-in for one year:

In addition to the lock-in of the Promoter's contribution specified above, the balance of our entire pre-Issue Equity Share capital will be locked-in for a period of one year from the date of Allotment. The total number of Equity Shares, which are locked-in for one year, is 5921436 Equity Shares.

4) Other requirements in respect of lock-in:

In terms of Clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1 (b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

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	Mr. Anurag Rathi	1012104	11.02
2	Mrs. Parnika Rathi	735962	8.01
3	Mrs. Pushpa Rathi	682343	7.43
4	M/s Parnika Investments Pvt. Ltd.	669375	7.29
5	M/s Rathi Overseas Pvt. Ltd.	656250	7.14
6	M/s Rathi Cereals Pvt. Ltd.	646625	7.04
7	Anupam Rathi HUF	634716	6.91
8	M/s Rathi Exports Pvt. Ltd.	510475	5.56
9	Anurag Rathi HUF	507500	5.52
10	M/s Rathi Krishi Farm Pvt. Ltd.	453250	4.93
	TOTAL	6508600	70.84

(b) 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	Mr. Anurag Rathi	458245	8.72
2	M/s Parnika Investments Pvt. Ltd.	427500	8.14
3	Mrs. Parnika Rathi	420550	8.01
4	M/s Rathi Overseas Pvt. Ltd.	405000	7.71
5	M/s Rathi Cereals Pvt. Ltd.	399500	7.60
6	Mrs. Pushpa Rathi	389910	7.42
7	M/s Anupam Rathi HUF	362695	6.90
8	M/s Rathi Exports Pvt. Ltd.	321700	6.12
9	M/s Anurag Rathi HUF	290000	5.52
10	M/s Rathi Krishi Farm Pvt. Ltd.	274000	5.21
	TOTAL	3749100	71.41

(c) 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	Mr. Anurag Rathi	1012104	11.02
2	Mrs. Parnika Rathi	735962	8.01
3	Mrs. Pushpa Rathi	682343	7.43
4	M/s Parnika Investments Pvt. Ltd.	669375	7.29
5	M/s Rathi Overseas Pvt. Ltd.	656250	7.14
6	M/s Rathi Cereals Pvt. Ltd.	646625	7.04
7	Anupam Rathi HUF	634716	6.91
8	M/s Rathi Exports Pvt. Ltd.	510475	5.56
9	Anurag Rathi HUF	507500	5.52
10	M/s Rathi Krishi Farm Pvt. Ltd.	453250	4.93
	TOTAL	6508600	70.84

The Pre-issue and Post-issue aggregate shareholding pattern of Promoters and Promoter's Group is as under:

Category	Pre-Issue		Post-Issue	
	No. of shares @ Rs. 10/- each	% Holding	No. of shares @ Rs. 10/- each	% Holding
Promoters				
Mr. Kamlesh Kumar Rathi	210175	2.29	210175	1.29
Mr. Anupam Rathi	210175	2.29	210175	1.29
Mr. Anurag Rathi	1012104	11.02	1012104	6.20
Mrs. Pushpa Rathi	682343	7.43	682343	4.18
Mrs. Parnika Rathi	735962	8.01	735962	4.51
Mrs. Nandita Rathi	61250	0.67	61250	0.38
Anupam Rathi HUF	634716	6.91	634716	3.89
Anurag Rathi HUF	507500	5.52	507500	3.11
Sub Total (A)	4054225	44.13	4054225	24.83
Promoters Group				
Parnika Investments Pvt. Ltd.	669375	7.29	669375	4.10
Rathi Cereals Pvt. Ltd.	646625	7.04	646625	3.96
Rathi Overseas Pvt. Ltd.	656250	7.14	656250	4.02
Rathi Exports Pvt. Ltd.	510475	5.56	510475	3.13
Maryada Holdings Pvt. Ltd.	171675	1.87	171675	1.05
Pranika Leasing & Finance Pvt. Ltd.	264250	2.88	264250	1.62
Uddhav Leasing & Finance Pvt. Ltd.	277375	3.02	277375	1.70
Uddhav Investments Pvt. Ltd.	216125	2.35	216125	1.32
Eleventh Hour Leasing & Finance Pvt. Ltd.	371875	4.05	371875	2.28
Bhuwneshwari Leasing & Finance Pvt. Ltd.	275625	3.00	275625	1.69
Rathi Breweries Ltd.	426125	4.64	426125	2.61
Rathi Krishi Farm Pvt. Ltd.	453250	4.93	453250	2.78
Anupam Cotfab Ltd.	194250	2.11	194250	1.19
Sub Total (B)	5133275	55.87	5133275	31.43
Grand Total (A) + (B)	9187500	100	9187500	56.26

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
Promoters	4054225	44.13	4054225	24.83
Promoter Group	5133275	55.87	5133275	31.43
Other	0.00	0.00	[*]	[*]
QIBs	0.00	0.00	[*]	[*]
NRIs / OCBs / FIIs	0.00	0.00	[*]	[*]
Public	0.00	0.00	[*]	[*]
Total	9187500	100.00	16330357	100.00

Notes:

- Unsubscribed portion in any reserved category may be added to any other reserved category.

- The unsubscribed portion, if any, after such inter-se adjustments amongst the reserved categories shall be added back to the net offer to the Public.
- In case of undersubscription in the Net Offer to the Public portion spill over to the extent of undersubscription shall be permitted from the reserved category to the net public offer portion.
- The details of sale/ purchase/ financing of shares by Promoters/Directors:

The promoters Directors have purchased shares of the Company during the past 6 Months (from the date of filing of draft offer document) . The Details are given below:

Name	No of Shares	Price (Rs.)	Date of Allotment
Mr. Kamlesh Kumar Rathi	90075	Bonus Issue	16.12.2006
Mr. Anupam Rathi	90075	Bonus Issue	16.12.2006
Mr. Anurag Rathi	433759	Bonus Issue	16.12.2006
Mrs. Pushpa Rathi	292433	Bonus Issue	16.12.2006
Mrs. Parnika Rathi	315413	Bonus Issue	16.12.2006

- Permanent /regular employees can also apply in the “Net offer to the Public” portion.
- 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 Lac. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares of a value more than Rs. 1 Lac and for corporate bodies/ institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
- The equity shares offered through this public issue shall be made fully paid up on allotment.
- Neither the Company, nor its Promoters, Directors, Lead Manager(Chartered Capital And Investment Ltd.) have entered into any buy-back and/or standby arrangements for purchase of our Equity Shares from any person.
- We have not raised any bridge loan against the proceeds of this issue.
- The Equity Shares offered through this public issue will be fully paid up.
- The Company has not issued any shares out of revaluation reserves.
- An applicant cannot make an 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.
- 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 otherwise during the period commencing from the submission of offer document to the Board 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.
- We have not issued any Equity shares out of revaluation reserves or by capitalization of General Reserves or for consideration other than cash except the following:

On 16 December 2006, the Company has issued 3937500 bonus shares in the ratio of 3 fully paid up Equity shares for every 4 Equity shares held in the Company by capitalization of Rs. 393.75 lacs from General Reserves.

- 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.
- 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.
- We have 21 members (6 individuals, 13 Corporate and 2 HUF) as on date of filing of this Prospectus with ROC.
- 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.
- 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.

- Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.
- The promoters may pledge their equity shares with banks or financial institutions as additional security for loans if provided in the terms of sanction.
- An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the Public.
- In case of reserved categories, a single applicant in the reserved category cannot make an application for a number of securities, which exceeds the reservation.
- Our Company has not revalued its assets since inception.
- Our Company has not made any Public Issue since its incorporation.
- We confirm that there are no payments, directly or indirectly in the nature of discounts, commission, allowances or otherwise shall be made by us or the promoters to the persons who receive firm allotment in the issue.
- We confirm that at the date of filing this Prospectus, the entire share capital of our company is fully paid up.
- There have been no options granted or shares issued under any scheme of employees stock option or employees stock purchase of our company.
- As on the date of this Prospectus, there are no outstanding warrants, options or right to convert debentures, loans or other financial instruments into our Equity Shares.

OBJECTS OF THE ISSUE

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

- Expansion and modernisation including:
 1. Purchase of plant and machinery;
 2. Building and civil works;
 3. Requirement of working capital;
 4. Preliminary expenses; and
 5. Production Launch expenses.
- Meeting the expenses of this issue.
- Providing for Security Deposit to State Electricity Board
- Listing of the Equity shares of the Company on the Bombay Stock Exchange Ltd.

The objects clause as per the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue.

Fund Requirements:

Particulars	Amount (Rs. Lacs)	
Expansion and modernisation including:		
1. Purchase of plant and machinery	1915.99	
2. Building and civil works	91.61	
3. Requirement of working capital	1109.14	
4. Preliminary expenses	10.00	
5. Production Launch expenses	40.68	3167.42
Expenses of the Issue		200.00
Security Deposit to State Electricity Board		34.13
TOTAL		3401.55

Funding Plan (Means of Finance):

Particulars	Amount (Rs. Lacs)
Initial Public Offering including Promoters' Contribution	2500.00
Internal Accruals	501.55
Term Loan from RIICO and State Bank of Bikaner and Jaipur	400.00
Total Funds	3401.55

We undertake that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public issue, have been made. The details of the same are as under:

Out of the total funds required Rs. 901.55 lacs are to be funded through means other than proceeds from the issue. Funds to the tune of Rs. 501.55 lacs (55.63%) are to be generated through internal accruals. The details of the reserves of the Company as on 30 June 2007 are mentioned on page no. 77 of the Prospectus.

Of the remaining 400 lacs a sum of Rs. 200 lacs (22.18%) had been sanctioned from Rajasthan State Industrial Development & Investment Corporation Ltd., Jaipur (RIICO). The Company has also entered into a loan agreement dated 16 April 2007 with RIICO.

The total of the sum firmly tied up is around 77.82% of the stated means of finance, excluding the amount to be raised through proposed Public issue.

EXPANSION & MODERNISATION:

Reasons for Expansion & Modernisation

Our Company is in existence for more than two decades and mainly catering to demand from the states of Rajasthan, Haryana, Himachal Pradesh & other neighbouring states. Demand of the our products is very large and the we have recently introduced latest technology for production of steel bars and also carried out addition to its existing plant & machinery setup keeping in mind the ever increasing market demand of its products.

Construction industry (across all sectors) has witnessed high growth over the last few years and is as a result demand for steel products is expected to witness a continuous surge in the coming years. Our Company does not wish to be left behind and to encash the opportunities presented by the market it intends to augment its production capacity by 25%.

The company is also planning to add the production of low carbon billets to its present repertoire of products as there are not many manufacturers of the said product.

PURCHASE OF PLANT AND MACHINERY

The Company intends to purchase the following Plant and Machinery for its Expansion and Modernisation Plans:

S.No.	Item Description	Qty.	Cost (Rs. in Lacs)	Supplier	Date Of Quotation
1	Mill Stand 3 Hi Pinion Stands 3 Hi C.I. Bed Plates High Speed Flywheels Edon Born Coiler Universal Joint with coupling heads	Lot	157.75	Kathuria Rollmill	12.01.07
2	Pinion Stand 2Hi & Reduction Gear Boxes		49.50	Rollmill Industries Ltd.	Already
	Mill Stand 2 Hi, C.I. Base Plates, Guides & Nozzles		40.50	Rollmill Industries Ltd.	Acquired
3	Mill Stand 3 Hi C.I. E-Section Pulley's S.S. Roller Guide Box, Twist Pipe, Oil Lubrication Units Rotary Shears Speed Increasers Cold Bar Shears Pinch Roll	Lot	153.50	Rollmill Industries Ltd.	15.01.07
4	C.I. Chilled Rolls (High Chill)	Lot	18.00	Komal Industries	Already Acquired
5	EN-9 Forged Geared Couplings	Lot	30.30	Mamta Machine	Already Acquired
6	EN-9 Forged Universal Couplings & Spindles	Lot	15.00	M.P. Enterprises	Already Acquired
7	Chocks for 24030, 32, 34, 36 bearings	Lot	10.00	Rollmill Industries Ltd.	Already Acquired
8	Pneumatic Air System	Lot	10.00	Estimated	
9	Oil Lubrication System	Lot	4.25	Estimated	
10	Rolls	Lot	5.00	Estimated	
11	Roller Bearings	Lot	15.00	Estimated	Already Acquired
12	Waste Heat Recuperator	1 No.	15.00	Machine Tool	15.01.07
13	Spindle supports	Lot	4.00	Constructed at site	
	Repeaters, Jacks, Rails etc.	Lot	17.00		
	Looping Tray with side support	Lot	17.50		
	Snap Shear frames, Rails, Nozzles etc	Lot	6.00		
	Coiler Platform fabricated	1 No.	3.00		
	Coiler pouring Rails	Lot	3.00		
	Twisting Machine with Rails	Lot	9.50		

	Coil straightening machine and crop shear	Lot	8.00		
	Water Complex Systems	Lot	10.00		
	Foundation Bolts	Lot	2.50		
	Speed Breaking systems	Lot	7.00		
	Bar Route Lines	Lot	7.00		
	Bed Plates for Motors	Lot	3.00		
	Extension of billet re-heating furnace		20.00		Already completed
14	Rolling mill foundations (Stands, Coiler, Bar Handling system, Lubrication unit)	Lot	49.30	Estimated by Engineer*	
	Foundation for Motors		3.50		
	Foundation for Transformer		2.50		
15	Induction Furnace Foundation		22.50	Estimated by Engineer*	
16	A.C. Motors	Lot	39.23	Open Market	Already Acquired
17	Capacitors	Lot	3.52	KMA Elect	
18	Water Starter	Lot	2.00	Shivam Sales	
19	Transformer	1 No.	22.00	Uttam Bharat	Already
20	33Kv. Substation	Lot	5.00	Kamboj Electricals	Already Acquired
21	Cables	Lot	26.44	KMA Elect	
22	Electrical Distribution Systems & Panels for Rolling Mill		10.00	Estimated	
23	Continuous Casting Machine	1	202.50	Concast India	12.10.06
24	Civil Works				
A	Excavation, Piling & equipment foundations (Depending site conditions)			Estimated by Engineer*	
B	Brick / RCC building viz. electrical contactor rooms hydraulic rooms, offices & amenity building		50.00		
C	Concrete flooring or operating platforms				
D	Pits, sedimentation tanks, drains, service trenches, fume ducts, pumping cellars, hot well pits, cold well pits etc. Detailed foundation drawings other than outline and load data drawings.				
E	Overhead tank for emergency water supply		10.00	Estimated by Engineer*	
25	Embedded Steel Works		15.00		
A	Foundation reinforcement, foundation bolts, trench angles and cover plates			Estimate by Engineer*	
B	Cast in attachments for pipe & cable tray supports etc.			Estimate by Engineer*	
26	Refractories For Initial Lining Of CCM :		20.00	Indian Agencies	
27	Mechanical Equipment				
A	C.I. Slag box	1	2.00	Rakesh Techno	21.02.07
B	Exhaust ducting beyond specified termination points		3.00	Estimate by Engineer*	
C	Spares for 1 year operation		14.50	Estimate by Engineer*	
D	Final painting		2.00	Estimate by Engineer*	
E	Double Girder EOT Cranes	2	115.25	Carrymore Crane	14.02.07
F	Heating system	Lot	6.35	Machine Tool Linkers	15.01.07
G	Heat tracing & insulation of oil tanks & pipe lines	Lot	10.00	Envirocon/Equivalent	15.02.07

H	Laddle, Bail Arm, Slide gate System	Lot	27.15	Hindon Industries/ Machine Tool Linkers	17.02.07 15.01.07
28	Water Complex Equipment for Continuous Casting Machine				
A	Pump & motors	Lot	13.22	S.S. Khera & Co.	05.01.07
B	Cooling Tower	2	21.50	Paltech Cooling Tower	14.02.07
C	Water softening plant	1	10.50	Hyper Filtration	04.01.07
D	Electricals, Pipes & fittings, Valves for water softening plant	Lot	5.00	Estimate	
29	Electrical Distribution System For Continuous Casting Machine		8.00	Estimate	
30	Miscellaneous for Continuous Casting Machine				
1	First fill of lubricants, copper mould tubes	Lot	18.00	Estimate by Engineer*	
	Total		1381.26		
	Excise Duty & Cess		227.63		
	Sales Tax		64.36		
	Total		1673.25		
	Errection, Commissioning, P & F, Freight, Insurance, Loading Unloading etc		100.40		
	Total		1773.65		
	Contingencies		88.68		
			1862.33		
	Pre-operative Expenses		53.66		
	Total		1915.99		

Note: The aforesaid quotations are subject to change as per the current market prices and should not be treated as final. These are indicative prices to arrive at final project estimation. Some variations in the rates may occur at the time of actual purchase of the product. The Company may also opt for obtaining fresh quotations and take delivery of similar goods from a different supplier if his/its terms are more favourable and beneficial to the interests of the Company.

BUILDING AND CIVIL WORKS

S.No.	Item Description	Qty.	Cost (Rs. in Lacs)	Supplier	Date Of Quotation
I	Construction of Factory Building				
	Shed Strengthening & Rolling Mill Shed		70.00	Estimate by Engineer*	
	Total		70.00		
	Excise Duty & Cess		11.54		
	Sales Tax		3.26		
	Total		84.80		
	Contingencies		4.24		
			89.04		
	Pre-operative Expenses		2.57		
	Total		91.61		

***Note:** The engineer who has made these estimates is Mr. Sunil K. Arora. His qualifications are B.E. (CIVIL) HONS, C.ENG.(I) M.I.E and his membership no. is M/108472/5.

REQUIREMENT OF WORKING CAPITAL

The Company requires additional working capital in line with the proposed Expansion and Modernisation. The details of the fund requirement are as follows:

Particulars	Amount (Rs. Lacs)
(For the year 2008-09)	
A. Current Assets	
1 Raw Materials - Indigenous (including stores & other items used in the process of manufacture)	392.44
2 Other Consumable spares	44.31
3 Finished goods	507.27
4 Receivable other than exports & deferred receivables (including bills purchased & discounted by bankers)	691.31
5 Advance to suppliers of raw materials, stores & spares consumable and other deposits	93.44
Total current assets (A)	1728.77
B. Current Liabilities	
(Other than bank borrowing for working capital)	
1 Creditors for Purchase of raw materials and stores and consumable spares	407.95
2 Advance from customers	131.68
3 Other current liabilities	
- Installment of Term Loan Due within one year	80.00
Total Current Liabilities (B)	619.63
C. Working capital gap (A - B)	1109.14

PRELIMINARY EXPENSES

The Company has spent an amount of Rs. 10 Lacs towards meeting the legal and secretarial expenses in connection with the preparatory work for the proposed issue.

PRODUCTION LAUNCH EXPENSES

Non-Refundable Deposit to Jaipur Vidyut Vitran Nigam Ltd.

	Rs. (in lacs)
Back Up Charges (Rs.250/KVA for 3250 KVA)	8.13
Transformer Cost	28.42
33KVA Line charges	3.40
CTPT Set Security	0.50
Service Charges	0.04
Misc.	0.19
Total	40.68

EXPENSES OF THIS ISSUE: The expenses for this issue includes management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 200 Lacs (being around 8% of the issue size), which will be paid by the Company.

Particulars	Amount (Rs. In Lakhs)	% of Total Expense
Lead managers fees and selling expenses	50	25%
Advertising and Marketing Expenses	50	25%
Printing and Stationery & Distribution expenses	50	25%
Others (Exchange fee, Listing fee, fee to Legal Advisors)	30	15%
Registrar fee and other expenses	20	10%
Total	200	100%

SECURITY DEPOSIT WITH STATE ELECTRICITY BOARD:

The Company will have to deposit a refundable sum of Rs. 34.13 lacs with the Jaipur Vidyut Vitran Nigam Ltd. for obtaining an additional load of 3250 KVA of power. The details of this deposit are as follows:

Security Deposit (Power) to Jaipur Vidyut Vitran Nigam Ltd.	Amount (Rs. Lacs)
Refundable Energy Charges (Rs.700/KVA x Rs.1.5) 3250 KVA	34.13
Total	34.13

APPRAISAL

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

IMPLEMENTATION SCHEDULE

S.No	Activity	Commencement Date	Completion Date	Remarks
1.	Freeze Mill Layout	Dec 2006	Oct 2007	In progress
2.	Completion of Civil & Structural Drawings.	Dec 2006	Oct 2007	In progress
3.	Design of equipment foundations.	Dec 2006	Nov 2007	In progress
4.	Procure Steel, Cement and other material.	May 2007	May 2008	In progress
5.	Construction of equipment foundations.	May 2007	Jun 2008	In progress
6.	Place order for main mill equipment including main electric motors.	May 2007	Jun 2008	In progress
7.	Place order for power, water, compressed air and other auxiliaries.	April 2007	July 2008	In progress
8.	Receive main mill equipment at site.	May 2007	Nov 2008	In progress
9.	Receive utilities and auxiliaries at site.	Aug 2007	Nov 2008	In progress
10.	Erection of main mill equipment.	Aug 2007	Dec 2008	In progress
11.	Erection of utilities and auxiliaries.	Aug 2007	Nov 2008	In progress
12.	Commissioning and trial runs	Mar 2008	Dec 2008	
13.	Start of commercial production	December 2008	-	

FUNDS DEPLOYED:

The company has received the Sources and Deployment Funds Certificate dated September 18 2007 from A.K. Vaish & Co., Chartered Accountants and Statutory Auditors of the Company. The certificate states that the company has deployed amounts aggregating Rs. 451.36 Lacs. Details of the sources and deployment of funds as on August 31 2007 as per the certificate is as follows:

Particulars	Amount (Rs. Lacs)
Plant and Machinery	395.34
Preliminary and Capital Issue Expenses	21.89
Security - JVVNL	34.13
Total	451.36

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

Particulars	Amount (Rs. Lacs)
RIICO Ltd.	200.00
Internal Accruals	251.36
Total	451.36

The deployment of funds were made from Internal accruals of the Company and Term Loan of Rs.200 lacs from RIICO Ltd.

DETAILS OF BALANCE FUND DEPLOYMENT-

The year wise breakup of proposed deployment of fund is as follows:

(in Rs. Lacs)

Deployment of Funds	Financial Year 2007-08 Already Incurred 31.08.07	Financial Year 2007-08 To be incurred upto 31-03-08	Total
Expansion and modernization			
Plant & Machinery	395.34	1520.65	1915.99
Construction of Factory Building	0.00	91.61	91.61
Requirement of Working Capital	0.00	1109.14	1109.14
Preliminary expenses	8.80	1.20	10.00
Production Launch expenses		40.68	40.68
Expenses of the Issue	13.09	186.91	200.00
Security Deposit to State Electricity Board	34.13	0.00	34.13
Total	451.36	2950.19	3401.55

INTERIM USE OF FUNDS:

Pending utilization of funds as stated above, we intend to invest the proceeds of this issue in high quality, interest/dividend bearing short term/ long term liquid instruments including deposits with banks and/or Gilt Edged Government Securities, either directly or through Mutual funds, for the necessary duration.

These investments would be authorised by our Board or a duly authorised committee thereof.

SHORTFALL OF FUNDS

In case the Issue does not go as planned, we will make alternative arrangements like availing of fresh loans from bank and also internal accruals and / or other arrangements to meet the shortfall, if any.

MONITORING

Our Board will monitor the utilization of the Net Issue proceeds. Our Company will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statement for fiscal 2008, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of the listing agreements with the Stock Exchanges and in particular, Clause 49 of the Listing Agreement.

No part of the proceeds from the Issue will be paid by our Company as consideration to our Promoters, our Directors, Promoter Group entities and key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue Price is based on the following factors:

Qualitative Factors

- We are manufacturers of reinforced steel bars (CTD) and [TMT]. For further details kindly refer to page no. 42 of the prospectus.
- The Market Brand of the Company viz. “RATHI® RBL” & “RATHI® Thermex® RBL” is an established brand in the Industry. For further details kindly refer to page no. 41 of the prospectus.
- Our products are available across North India through a chain of dedicated and loyal network of over 800 dealers, distributors and stockists built up over the last decade. For further details kindly refer to page no. 42 of the prospectus.
- Ours is a consistent profit making company for the last eight consecutive years. For further details kindly refer to page no. 76 of the prospectus.
- Ours is a reinforcement bars manufacturing Company having ISO 9001:2000 Quality Management Certification since 2004. For further details kindly refer to page no. 130 of the prospectus.
- Our products confirm to BIS Standard 1786:1985. For further details kindly refer to page no. 130 of the prospectus.
- The Company has been granted Licence rights to use the “Thermex ® COOLING SYSTEM and TECHNOLOGY” of M/s HENNINGS DORFER STAHL ENGINEERING GmbH, GERMANY. For further details kindly refer to page no. 57 of the prospectus.

Quantitative Factors

Adjusted Earning Per Share (EPS)

Financial Period	EPS (Rs.)	
FY 2004-2005	2.48	1
FY 2005-2006	6.23	2
FY 2006-2007	6.56	3
Three Month period ending 30 June 2007	8.36	4
Weighted Average	6.81	

Notes:

- EPS calculations have been done in accordance with Accounting Standard 20 - “Earnings per Share” issued by the Institute of Chartered Accountants of India.
- The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2, 3 and 4 for the fiscal years ending March 31, 2005, 2006, 2007 and for the three Months ended 30 June 2007 respectively.

Price Earning Ratio in relation to issue price of Rs. 35 Per Equity Share

- Based on Three Months ended 30 June 2007 EPS of Rs. 8.36 the P/E is 4.19
- Based on Financial Year ending 31st March, 2007 at EPS of Rs. 6.56 the P/E is 5.33

Industry P/E

Industry P/E **	
i) Highest	74.00
ii) Lowest	2.50
iii) Industry Average	17.80

**#Source: Capital Market Volume XXII/14 September 10-23, 2007

Average Return on Net Worth ("RoNW")

Financial Period	RoNW	Weight
FY 2004-2005	15.49	1
FY 2005-2006	27.97	2
FY 2006-2007	22.91	3
Three Month period ending 30 June 2007	27.28	4
Weighted Average	24.92	

Note: The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/regroupings pertaining to earlier years.

Minimum Return on Increased Net Worth required to maintain pre-Issue EPS is 20.87 (Based on calculations for the Financial Year ended March 31, 2007).

Net Asset Value (NAV) per equity share: NAV per equity share represents shareholders' equity less miscellaneous expenses as divided by weighted average number of equity shares.

- i) NAV per Equity Share as at June 30, 2007: Rs. **30.70**
ii) NAV per Equity Share as at March 31, 2007: Rs. **28.65**
iii) NAV per Equity Share After Issue: Rs. **31.43** (Based on calculations for the Financial Year ended March 31, 2007).
iv) Issue Price: Rs. **35** per equity Share

Financial Period	NAV	Weight
FY 2003-2004	20.35	1
FY 2004-2005	28.04	2
FY 2005-2006	38.96	3
Eight Month period ending 30 Nov 2006	45.8	4
Weighted Average	37.65	

Comparison with other Companies:

We are operating in the Steel Bar segment at a combined installed capacity level of 80000 Metric Tonnes per annum for the period ended 30 June 2007. Though there are companies operating in this segment such as TISCO, SAIL, etc., they operate at significantly different levels of production and having very different economies of scale altogether.

Hence, these factors do not allow us to do our benchmarking vis-à-vis peer group company. The closest in terms of peer group company are Kamdhenu Ispat Ltd., Raipur Alloys Ltd. etc. However their economies, product mix etc. are not strictly comparable to us.

Companies	EPS (Rs.)	P/E Ratio	RoNW (%)	NAV (Rs.)
Rathi Bars Limited*	8.36	4.19	27.28	30.70
Kamdhenu Ispat Limited [#]	5.90	4.90	33.80	28.30
Raipur Alloys Ltd. [#]	3.60	38.30	14.10	53.00
Vardhman Industries Ltd. [#]	1.50	6.80	3.00	54.00
Zenith Birla Ltd. [#]	3.90	7.9	12.60	49.70

* Based on the financials for the period ended June 30, 2007.

[#]Source: Capital Market Volume XXII/14 September 10-23, 2007

The face value of the Equity shares of Rathi Bars Limited is Rs. 10/- per share and the issue price is 3.5 times of the face value.

The Issue Price has been determined by the Company in consultation with Lead Manager, on the basis of analysis of the existing Market conditions and the financial performance of the Company and is justified on basis of the above factors.

STATEMENT OF TAX BENEFITS

Tax Benefits Statement

The Board of Directors

Rathi Bars Limited
A-24/7, Mohan Cooperative Industrial Estate
Mathura Road
New Delhi-110044

Dear Sirs,

As per existing provisions of the Income Tax Act, 1961 and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to the Company and its Shareholders as per the annexure attached to this report.

The contents of the 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.

The information being furnished by us is general in nature and it is neither designed nor intended to be a substitute for professional tax advice. Investors are advised to consult their own tax consultants with respect to the specific tax implication arising out of their participation in the Issue.

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

For **A.K. Vaish & Co.**
Chartered Accountants

Sd/-
(**A.K. VAISH**)
Proprietor
Membership No- 71088
Place: **New Delhi**
Date: **18.09.2007**

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO RATHI BARS LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

A) TAX BENEFITS ACCRUING DUE TO THE PRESENT OR PROPOSED PROJECT .

Nil

B) OTHER GENERAL TAX BENEFITS

UNDER THE INCOME TAX ACT, 1961 (‘the IT Act’)

I. BENEFITS AVAILABLE TO THE COMPANY

1. As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax.
2. As per the provisions of section 24(a) of the IT Act, Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out) while computing income from House Property.
3. As per the provisions of section 24(b), where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing Income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.
4. Under section 115 JAA (2A) of the I.T. Act tax credit shall be allowed in respect of any tax paid under section 115JB (MAT) of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose).
5. As per the provisions of section 32 of the IT Act, company is eligible for claiming depreciation on its tangible and intangible assets as prescribed rates.
6. The Company is entitled to claim expenditure incurred, subject to compliance of the certain conditions laid down in section 35(1)(iv) of the Act, in respect of any capital expenditure incurred other than the incurred on the acquisition of any land, on scientific research related to the business of the company.

II. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from a domestic company is exempt from income tax in the hands of shareholders.
2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains (if shares are held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
4. As per the provisions of Section 112 of the IT Act, long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. However, if the tax on long term capital gains resulting on transfer of listed securities calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such capital gains are chargeable to tax at a rate of 10 percent (plus applicable surcharge and education cess), at the option of the shareholder.

5. As per the provisions of Section 111A of the IT Act, short-term capital gains arising from sale an equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
6. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

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

The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income under Section 80C for any assessment year beginning on or after 1 April, 2006.

7. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long term capital gains (which are not exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
8. As per provisions of Section 88E and subject to conditions specified therein provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business. Such deduction is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income.

III. BENEFITS AVAILABLE TO MUTUAL FUNDS

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

IV. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115-O of the IT Act) would be exempt from tax in the hands of the shareholders of the Company.
2. As per the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
3. As per the provisions of Section 115AD of the IT Act, income of FIIs arising from securities (other than income by way of dividends referred to in section 115O of the IT Act) would be taxed at concessional rates, as follows:

Nature of income	Rate of tax (%)
Income in respect of securities	20
Long term capital gains	10
Short term capital gains (Other than short term capital gain referred to in Section 111A)	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT Act are not available to an FII.

Under section 115AD (1)(ii) of the Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess).

4. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.
5. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
6. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

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

7. As per provisions of Section 88E and subject to conditions specified therein provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business. Such deduction is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income.

V. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

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

VI. BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of any company is exempted from the tax.
2. In terms of first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

3. As per the provisions of Section 112 of the IT Act, long term gains as computed above (which are not exempt under Section 10(38) of the IT Act) would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
4. Under Section 111A of the IT Act, short-term capital gains arising from sale an equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
5. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident Indian would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian.
6. As per the provisions of Section 10(38) of the IT Act, long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction of sale has been entered through a recognized stock exchange and such transaction is chargeable to securities transaction tax.
7. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

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

8. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
9. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
 - o Under Section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
 - o Under Section 115F of the IT Act, long-term capital gains arising to a Non-Resident Indian from transfer of shares of the Company, subscribed in convertible foreign exchange, shall be exempt from income tax, if the entire net consideration is reinvested in specified assets/ saving certificates within 6 months of the date of transfer. Where only a 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/ saving certificates are transferred or converted within 3 years from the date of their acquisition.

- o Under Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
 - o Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.
10. As per provisions of Section 88E and subject to conditions specified therein provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business. Such deduction is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

1. Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT

1. Gift tax is not leviable in respect of any gifts made on or after 1 October, 1998. Therefore, any gift of shares of the Company will not attract Gift tax.

Notes:

- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.*
- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.*
- *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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile.*
- *The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act 2006.*

INDUSTRY OVERVIEW

STEEL INDUSTRY - AT A GLANCE

Global Steel Production

Global crude steel production broke the 100 million tonnes / month level for the first time in March 2006 and has done the same in each subsequent month, recording a new high of 105.9 million tonnes in October. Crude steel production in January-October 2006 for the 62 countries reporting to the IISI (International Iron and Steel Institute) was 1010.7 million tonnes, up 9% year-on-year.

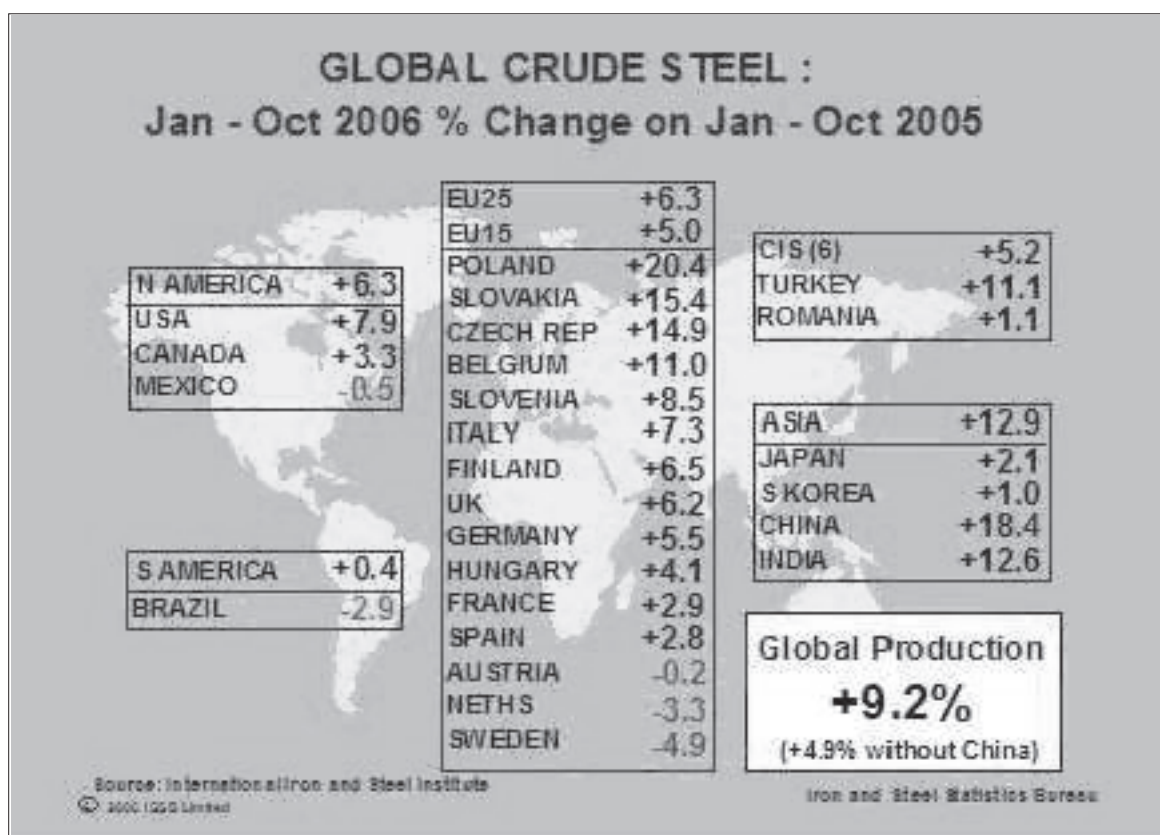
China produced 346.1 million tonnes, up 18 % year-on-year, accounting for 34% of global production compared to 12% in 1995. In the January to October 2006 period India produced 35.1 million tonnes, up 13% year-on-year, Russia produced 58.4 million tonnes, up 6% and Turkey was up 11% with 19.3 million tonnes. The EU25 produced 166.5 million tonnes, up 6%, while the US produced 83.8 million tonnes, up 8%. Brazilian production was 25.6 million tonnes down 3% and Mexican production was down 0.5 % at 13.5 million tonnes. Brazilian and Mexican production has recovered in recent months following blast furnace/industrial unrest problems earlier in the year.

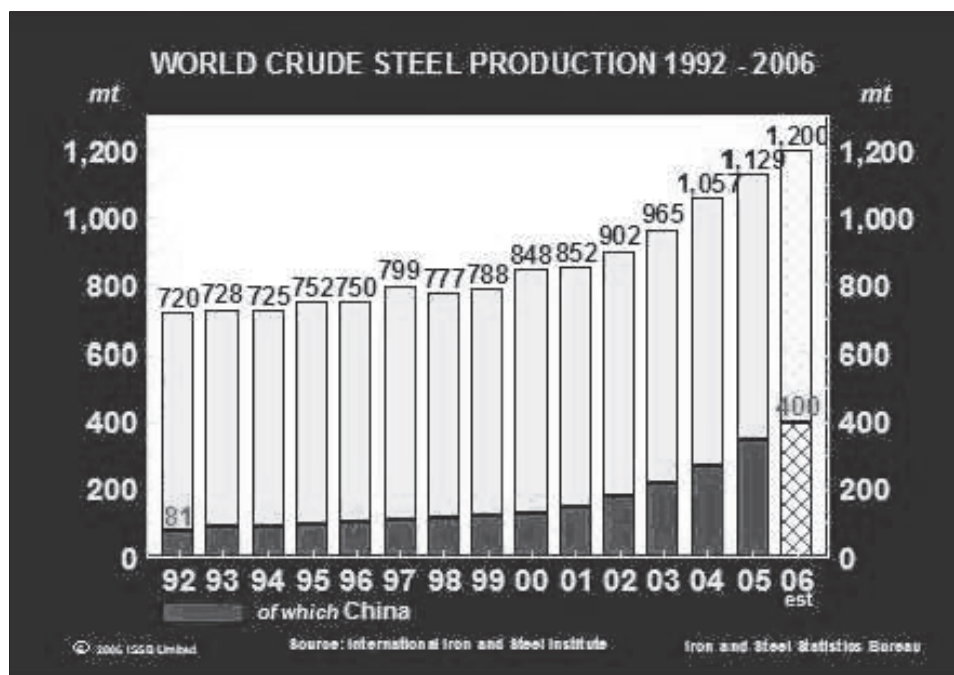
Apart from in the US, reduced production in September seems to have been reversed in October. Comparing October production with the April-June average production has fallen off 10% in the USA. However in the EU25 October production was 5% up on September and in line with the pre-holiday period average despite major BOF maintenance at Corus-NL. In particular, the EU's biggest producers, Germany and Italy, continue strongly. October production in Russia & the Ukraine bounced back about 3% on September to be in line with April-June levels.

South American production led by Brazil, averaged over 4 million tonnes monthly in July-October 2006 compared to an average 3.6 million tonnes in January-June.

Overall, global production in October was a new record at 105.9 million tonnes, with China also setting a new record at 37.7 million tonnes (about the same as the UK, France and Belgium in all of 2006).

Source: <http://issb.co.uk>





A background of the Indian Steel Industry

If we were to pause for a moment to think about the growth of human civilization, we would find that the pace of social and economic growth has been closely linked to the proficiency with which people have been able to use and shape materials.

Steel is one such material that has played an important role in the development of mankind in the last century. Today, it is difficult to imagine a world without Steel. Steel has become vital to our everyday life. It is at the root of the quality of life that each of us enjoys today, helping to shelter us, to feed us and to facilitate both our working day and leisure activities. We depend on steel for almost everything from our houses and buildings, the cars we drive, roads, bridges, agricultural equipment, machines, the list is endless.

Steel is a versatile, constantly developing material that underpins all manufacturing activity. Even if a product is not made entirely from steel, it will undoubtedly have steel as a component at some point in the manufacturing process. There are currently more than 3,500 different grades of steel with many different properties - physical, chemical, environmental, 75% of which have been developed in the last 20 years. Steel is also an environment friendly material and has the distinction of being the most recycled material in the world today.

Today, consumption of steel is also regarded as an indicator of development of a nation. Per capita steel consumption is now universally accepted as an index of economic development of a nation. Given its role, steel has established itself as the backbone of any economy.

The Indian Steel industry is almost 100 years old now. Till 1990, the Indian steel industry operated under a regulated environment with insulated markets and large-scale capacities reserved for the public sector. Production and prices were determined and regulated by the Government, while SAIL and Tata Steel were the main producers, the latter being the only private player. In 1990, the Indian steel Industry had a production capacity of 23 MT. 1992 saw the onset of liberalization and the Indian economy was opened to the world. Indian steel sector also witnessed the entry of several domestic private players and large private investments flowed into the sector to add fresh capacities.

The last decade saw the Indian steel industry integrating with the global economy and evolving considerably to adopt world-class production technology to produce high quality steel. The total investment in the Indian steel since 1990 is over Rs 19,000 crores mostly in plant equipments, which have been installed after 1990. The steel industry also went through a turbulent phase between 1997 and 2001 when there was a downturn in the global steel industry. The progress of the industry in terms of capacity additions, production, consumption, exports and profitability plateaued off during this phase. But the industry weathered the storm only to recover in 2002 and is beginning to get back on its feet given the strong domestic economic growth and revival of demand in global markets.

With a current capacity in excess of 40 MT the Indian Steel Industry is today the 8th largest producer of steel in the world. Today, India produces international standard steel of almost all grades/varieties and has been a net exporter for the past few years, underlining the growing acceptability of its products in the global market.

Steel is a highly capital intensive industry and cyclical in nature. Its growth is intertwined with the growth of the economy at large, and in particular the steel consuming industries such as manufacturing, housing and infrastructure. Steel, given its backward and forward linkages, has a large multiplier effect.

Economists quantify the economic impact of any sector through measures such as the output multiplier effect, forward and backward effects etc. Based on the Indian input-output model, the Iron, Steel and Ferro Alloys sector (sector code 72 of CSO Table) reveals high output multiplier of 2.64 and ranks 4 out of 115 sectors into which the economy is divided. The output multiplier effect is defined as the total increase in output generation (in case of sector 72, total increase of 2.64 units including unitary increase of the sector's own output) for one unit increases of final demand in the particular sector.

The Forward Linkage refers to the inter relationship between the particular sector and all other sectors which demand the output of the former as their inputs. In the CSO table of 60 sectors (where all iron and steel sub sectors have been merged to one sector), the Forward Linkage of the Iron and Steel sector at 4.79 is quite significant (ranks 4 out of 60 sectors into which the economy is divided). The significant output multiplier effect and the forward linkage effects are the compelling reasons propelling various economies to set up domestic plants to satisfy the local demand. Economists have estimated that for every additional one lac rupees output (2002-03 prices) in the Iron, Steel and Ferro alloys sector, an additional 1.3 man years of employment are created.

With capital investments of over Rs 100,000 crores, the Indian steel industry currently provides direct/indirect employment to over 2 million people. As India moves ahead in the new millennium, the steel industry will play a critical role in transforming India into an economic superpower.

The steel sector in the country is on a roll. The buoyancy in the sector continued for the third year in a row driven by a strong growth in demand in sectors such as real estate, infrastructure and automobiles.

The Government has approved the National Steel Policy (NSP) 2005 whose long-term goal is to ensure that India has a modern and efficient steel industry, capable of standing up to international competition and catering to the growing domestic demand for steel.

India currently occupies the eighth position in the list of global producers of crude steel. Production of finished (carbon) steel stands at 42.64 million metric tonnes for 2005-06 (provisional estimates by the Ministry of Steel). These numbers are poised to increase radically in the next six to seven years, when a slew of investments flow into resource-rich states in eastern India like Orissa, Jharkhand and Chhatisgarh. However, compared with other countries, especially China, India's steel production and consumption levels are very low. Hence, as a market India has a good potential with a low per capita consumption level of around 20 kg as against 80 kg in China, 405 kg in Malaysia and 925 kg in South Korea.

PRODUCTION OF PIG IRON AND FINISHED (CARBON) STEEL (In Million tonnes)

Category	2002-03	2003-04	2004-05	2005-06 (Prov.)	2006-07 (April-Aug 06) (Prov. estimated)
Pig Iron	5.285	3.764	3.228	3.856	1.690
Finished Carbon Steel	33.671	36.957	40.055	42.636	18.000

(Source: Indian Brand Equity Foundation)

TYPES OF STEEL

All steel products are made from semi-finished steel that comes in the form of slabs, billets and blooms. Though today there are over 3500 varieties of regular and special steel available, steel products can be broadly classified into two basic types according to their shape

FLAT PRODUCTS

Derived from slabs this category includes plates and Hot Rolled Steel such as Coils/Sheets. While plates are used for applications such as shipbuilding etc. HR Steel is the most widely used variety of steel and other downstream flat products such as Cold Rolled Steel and Galvanised steel are made from it.

HR Steel has a variety of applications in the manufacturing sector. It is primarily used for making pipes and has many direct industrial and manufacturing applications, including the construction of tanks, railway cars, bicycle frames, ships,

engineering and military equipment and automobile and truck wheels, frames and body parts. Cold Rolled Steel is used primarily for precision tubes, containers, bicycles, furniture and for use by the automobile industry to produce car body panels. Galvanised Steel is used for making roofs in the housing and construction sector.

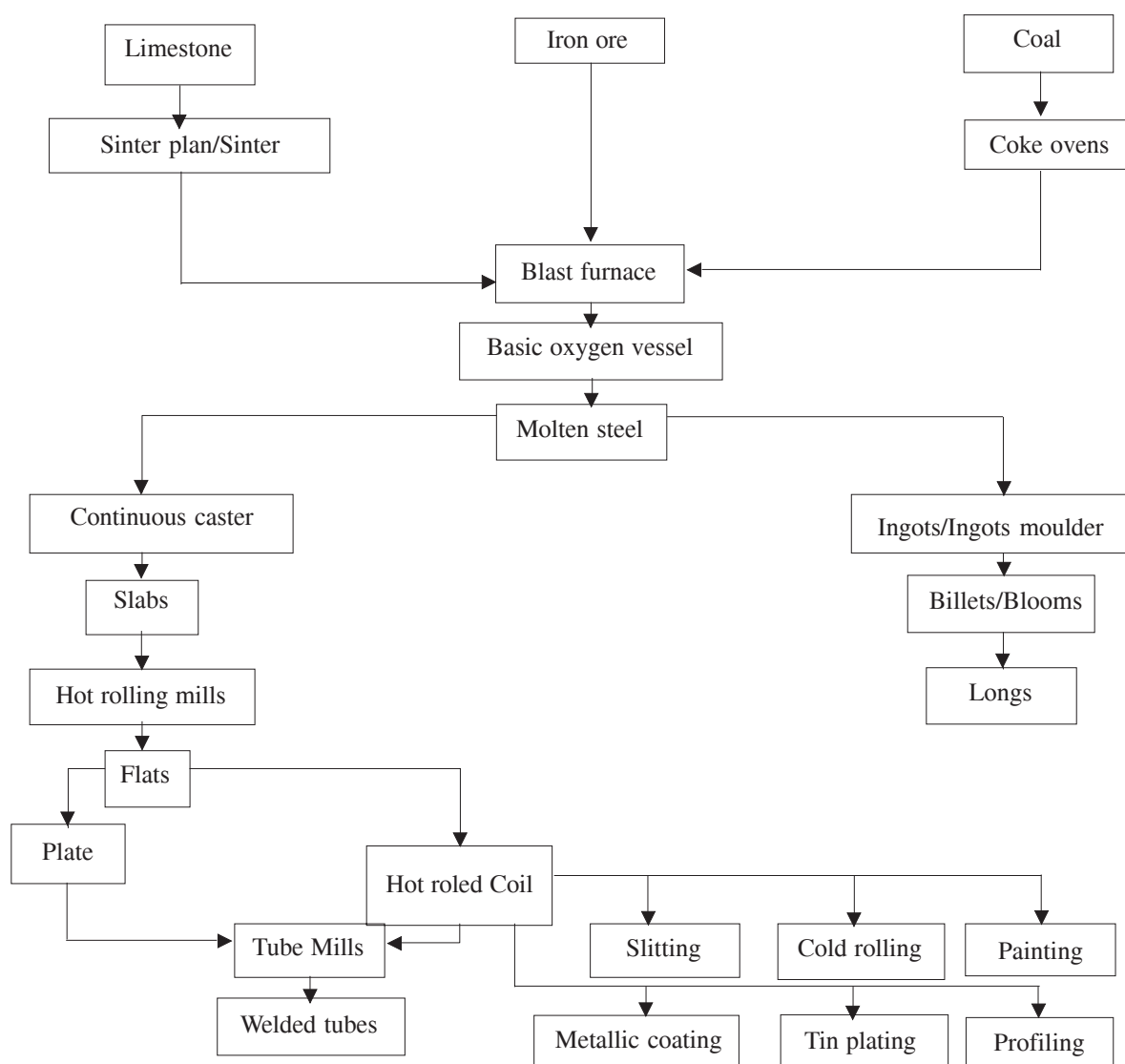
(Vide Flow chart I and II)

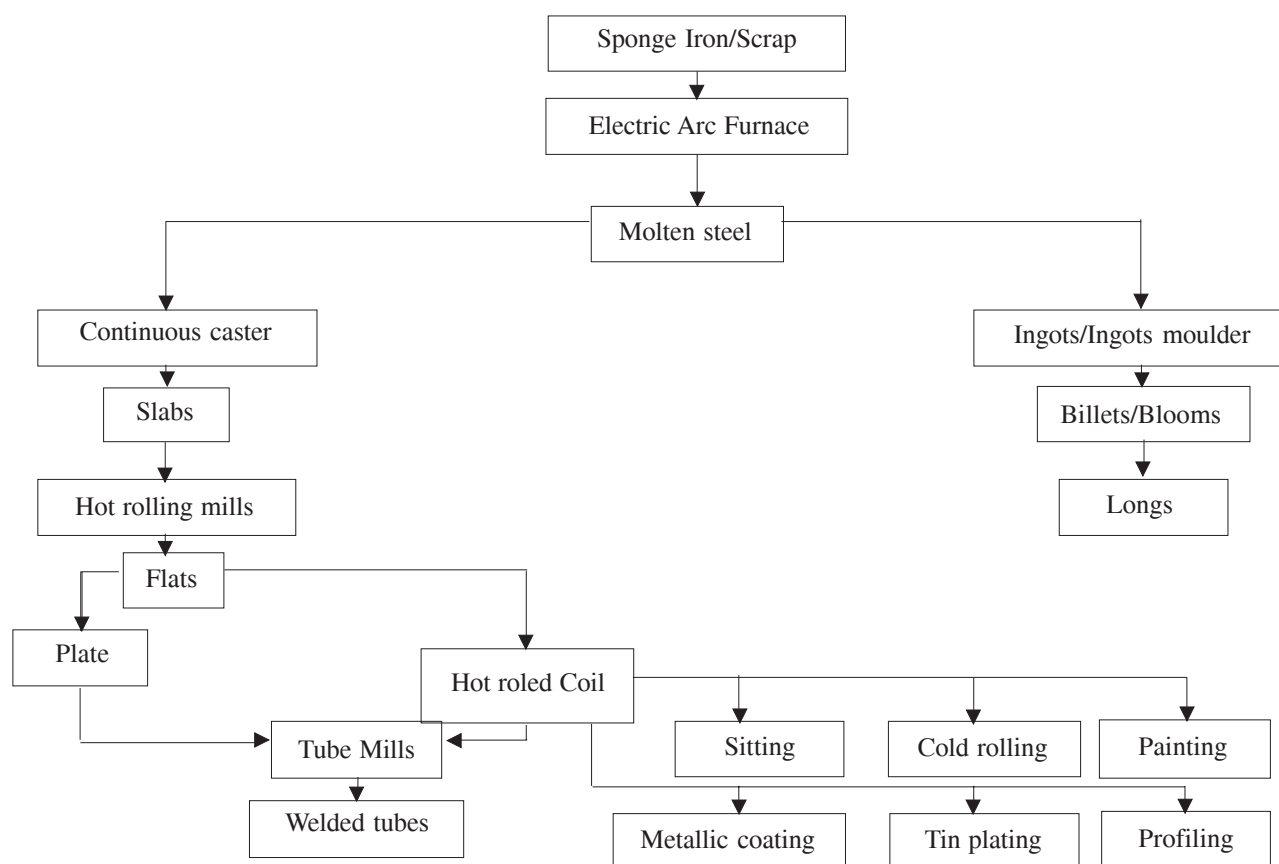
LONG PRODUCTS

These products derive their name from their shape. Made using billets and blooms they include rods, bars, pipes, ropes and wires, which are used largely by the housing/construction sector. There are also other products like rail tracks in the category. (Vide Flow chart I and II)

Semi finished steel is also used to produce other varieties of specialized steel such as Alloy Steel.

Flow chart I: Blast furnace route for producing steel



Flow chart II: Electric Arc Furnace route of producing steel

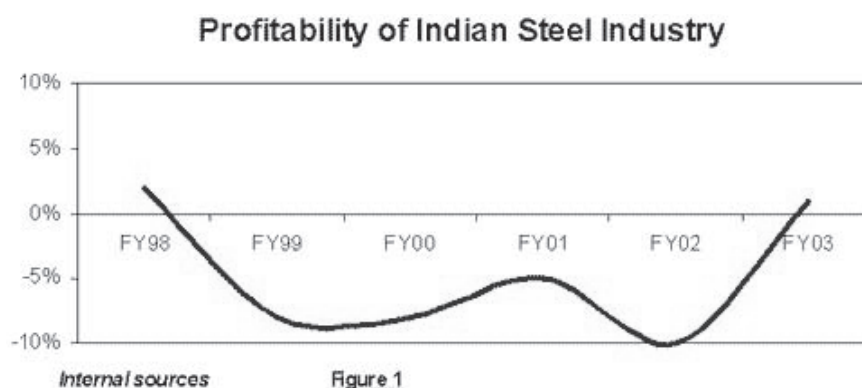
(Source: <http://www.indiansteelliance.com>)

Current Scenario

The Indian steel industry also went through an extremely turbulent phase in the backdrop of a global economic slowdown revealing that the industry was now globally linked and was impacted by developments in international markets. As per the Ninth Plan (1997-2002) steel production targets the industry had started investing in fresh capacity. While the installed capacity of the industry went up to 35 MT, a slowdown in almost all industrial segments of the Indian Economy and depressed global demand resulted in mismatch between installed capacity and demand. This led to a crash in steel prices, which meant ever-decreasing price realization for all major steel producers. All major producers barring Tata Steel went into red and in 1999-2000 questions were being asked whether the steel industry would survive.

Fig 1. shows that the profitability of the Indian Steel Industry had eroded considerably during this phase.

Fig. 2 shows the Return on Net Worth of Indian steel companies during this tough phase.



Government Protection for Indian Steel Industry

- Steel industry does not enjoy any unreasonable protection from the Government. Import duty on steel was reduced from 25% to 20% and has been lowered further to 15%. HR Steel imports have become cheaper by almost Rs 6000 to Rs 8000. The Government has also suspended DEPB benefits on export of HR Steel. The combined effect of this has practically abolished any meaningful protection. An appreciating Rupee has made exports even less viable for the industry and imports continue becoming cheaper.
- Numerous non-tariff barriers on steel exports have been put in place by other countries. Developed countries like US have imposed high anti-dumping duty as high as 60% on certain varieties of steel.
- While this is the case with Indian steel industry, user groups such the Indian automobile industry enjoys a high protection with 100% import duty on finished products.

Despite these difficulties the Indian steel industry has managed to keep itself competitive.

(Source: <http://www.indiansteelalliance.com>)

Industry Structure

The Indian steel industry can be divided into two distinct producer groups:

MAJOR PRODUCERS: Also known as Integrated Steel Producers (ISPs), this group includes large steel producers with high levels of backward integration and capacities of over 1 MT. Steel Authority of India Limited (SAIL), Tata Steel, Rashtriya Ispat Nigam Limited (RINL), Jindal Vijayanagar Steel Limited (JVSL), Essar Steel and Ispat Industries form this group.

SAIL, TISCO and RINL produce steel using the blast furnace/basic oxygen furnace (BF/BOF) route that uses iron ore, coal/coke as the basic input mix for producing finished steel.

Other major producers such as Essar Steel, Ispat Industries and JVSL use routes other than BF/BOF for producing steel. While Essar Steel and Ispat Industries employ Electric Arc Furnace (EAF) route that uses sponge iron, melting scrap or a mix of both as input, JVSL uses COREX, a revolutionary technology for making steel using basically iron-ore and coal.

OTHER PRODUCERS: This group consists of smaller stand-alone steel plants that include producers and processors of steel.

- Processors/Rerollers: Units producing small quantities of steel (flat/long products) from materials procured from the market or through their own backward integration system.
- Stand alone units making pig iron and sponge iron.
- Small producers using scrap-sponge iron-pig iron combination produce steel ingots (for long products) using Electric Arc Furnace (EAF) or Induction Arc Furnace (IAF) route.

The Major producers are strategic in nature and account for most of the mild steel production in the country. The group produces most of the flat steel products in the country including Hot Rolled, Cold Rolled and Galvanised steel. The majors also produce a small proportion of Long products and other special steel being produced in the country.

Other producers account for a majority of long products being produced in the country and some of the value added flat steel products like cold rolled steel and galvanized steel.

(Source: <http://www.indiansteelalliance.com>)

WAY FORWARD FOR THE INDIAN STEEL INDUSTRY

We would like to quote the words of the Hon'ble President of India, Dr. A.P.J. Abdul Kalam, from his book co-authored by Shri Y.S. Rajan, India 2020: A vision for the new millennium

"We still have a number of persons in our country in SAIL, TISCO and other big and small steel plants who have the capabilities. They have the will to excel and transform the country, given a long term vision."

"We should be ready to compete in outside markets. If our steel industry gears up in about 3 to 4 years, Indian steel can be both in Indian and foreign markets. Our vision should be towards this."

The Government envisions India becoming a developed nation by 2020 with a per capita GDP of \$1540. For a nation that is economically strong, free of the problems of underdevelopment and plays a meaningful role in the world as befits a

nation of over one billion people, the groundwork would have to begin right now. The Indian Steel Industry will be required and is willing to play a critical role in achieving this target.

With abundant iron ore resources and well-established base for steel production in the country, steel is poised for growth in the coming decades. Production has increased from 17 MT in 1990 to 36 MT in 2003 and 66 MT is targeted for 2011. While steel will continue to have a stronghold in traditional sectors such as construction, housing, ground transportation, special steels will be increasingly used in hi-tech engineering industries such as power generation, petrochemicals, fertilizers etc. Steel will continue to be the most popular, versatile and dominant material for wide ranging applications. While India may not become a leader in world steel market, it can become a powerful force

(Source: <http://www.indiansteelalliance.com>)

Destination India

The global steel industry appears to be in a race to invest in high-growth zones such as India, China, Latin America and Eastern Europe. India has finally emerged as a steel making location for global players.

India's rapid economic growth is being built on a frame of steel. Soaring demand by sectors like infrastructure, real estate and automobiles, at home and abroad, has put India's steel industry on the world map. Dominating the Indian horizon are steel giants like Tata Steel, which has just pushed through a US\$ 8 billion buyout of UK-Dutch steel company Corus. Meanwhile, the L.N.Mittal owned Mittal Steel has acquired French steel company Arcelor to create the world's number one steel company, Arcelor Mittal; and Korean steel giant POSCO is pumping money into mines and steel plants in Orissa to emerge as one of the biggest steel plants in the state.

(Source: www.ibef.org)

New Steel Policy:

In order to meet increasing domestic and international demand, the Government has formulated a draft national steel policy which targets a production of over 110 million tonnes by the year 2020. The basic objective of the National Steel Policy is to create enabling conditions for globally integrated Indian Steel Industry and to expand its production base adequately in response to the anticipated increase in domestic and overseas demand in the coming decade.

Production capacities of different steel plants including those in private sector are being increased and attempts are being made to revive sick and closed units. Accepting challenge of international competition in steel production, Steel Authority of India has prepared a corporate plan 2012, which envisages strategic goals for the company.

(Source: www.pib.nic.in)

Production, Imports, Exports and Consumption of Steel

According to the National Steel Policy, India is poised to add 110 mt capacity to its steel industry in the next 15 years. Additional capacities have been commissioned.

(in million tonnes)

	Production	Imports	Exports	Consumption
2019-20	110	6	26	90
2004-05	38	2	4	36
CAGR*	7.3%	7.1%	13.3 %	6.9 %

Notes: * Compounded Annual Growth Rate

(Source: <http://steel.nic.in/nspolicy2005.pdf>)

GLOBAL FORAYS

After feeding the rising demand at home, Indian steel producers are eyeing the international markets. The regulatory environment, too, has changed for the better. Not only is it enabling the industry to stretch out to foreign shores, the country's steel industry is getting renewed global attention.

LIBERALISATION OF THE INDIAN STEEL SECTOR

The important policy measures, which have been taken for the growth and development of the Indian iron and steel sector are as under:

In the new industrial policy announced in July, 1991, Iron and Steel Industry among others, was removed from the list of industries reserved for the public sector and also exempted from the provisions of compulsory licensing under the Industries (Development and Regulation) Act, 1951.

With effect from May 24 1992, Iron and Steel Industry was included in the list of 'high priority' industries for automatic approval for foreign equity investment upto 51%. This limit has since been increased to 100%. Pricing and distribution of steel were deregulated from January 1992. At the same time, it was ensured that priority continued to be accorded for meeting the requirements of small-scale industries, exporters of engineering goods and North Eastern Region, besides strategic sectors such as Defence and Railways. The import regime for iron and steel has undergone major liberalisation moving gradually from a controlled import by way of import licensing, foreign exchange release, canalization and high import tariffs to total freeing of iron and steel imports from licensing, canalization and lowering of import duty levels. Export of iron and steel items has also been freely allowed. Duties on raw materials for steel production were reduced. These measures reduced the capital costs and production costs of steel plants. Freight equalization scheme was withdrawn in January 1992. However, with the coming up of new steel plants in different parts of the country, iron and steel materials are freely available in the domestic market. Levy on account of Steel Development Fund was discontinued from April, 1994 thereby providing greater flexibility to main producers to respond to market forces.

LONG TERM DEMAND PROJECTIONS OF FINISHED STEEL

As per the report of the Committee on Steel and Ferro-Alloys, as a part of 10th Five Year Plan Working Group on Mineral Exploration and Development (other than coal and lignite), demand for finished carbon steel has been projected at 38.224 million tones during 2006-07 and at 52.015 million tonnes in 2011-12.

(Source: www.steel.nic.in)

Demand Drivers

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

BUSINESS OVERVIEW

About Us

Starting from a re-rolling mill with a production capacity of 369 kilograms per day, today RATHI® has a production capacity of over 1 million tonnes annually, being produced at multi-locational, modern plants. RATHI® family produces high strength steel bars for the secondary steel sector of India. The family takes pride in being the exclusive licensee for Thermex steel bars for entire Northern India.

Rathi family has clients like NBCC, NTPC, NDMC, NHPC, LIC India, CPWD, IMCC, EIL, EPIL, Delhi Metro Rail Corporation, U.P. Rajkiya Nirman Nigam Ltd., U.P. Avas Evan Vikas Parishad, U.P. State Bridge Corporation, U.P. Jal Nigam, Rajasthan Urban Infrastructure Dev. Corp., Airport Authority of India Ltd., Punjab Police Housing Board, Panipat Refinery, UNITECH, DLF Group, OMAXE, Ambience, Ansals, American Embassy, Larsen and Toubro Ltd., Hindustan Times, Jyoti Sarup Mittal, Gammon India Ltd., Gannon Dunkerly & Co. Ltd., Alfa Buildtech, Sahara India.

RATHI® bars have been used in building landmarks and projects like the Chattarpur Mandir Complex, New Delhi, Lotus Temple, New Delhi, LIC Building, New Delhi, Delhi Metro Rail Corporation, New Delhi, Atomic Power Station, Narora, U.P., Tehri Dam, Garhwal etc.

Highlights of the Rathi Family

- 9 modern manufacturing plants in India.
- Installed capacity of over 1 million tonnes per annum.
- An integrated network of 900 dealers.
- Global associations with Hennigsdorfer Stahl Engineering, GmbH, Germany.
- Two global technologies - Thermex & Tempcore.
- Global Quality Certifications for its products and manufacturing process such as IS:1786/1985, Grade Fe-415, Fe-500, ISO 14000 and ISO 9001.

Product Range of the Rathi family

RATHI Steel Bars are available in the following size range

Nominal Dia (mm)	Nominal Weight (Kg/Meter) As per IS:1786	Nominal Range (Kg/Meter) As per IS:1786	RATHI Steel Bars (Kg/Meter)
7	0.302	0.281 - 0.323	0.239 - 0.311
8	0.395	0.367 - 0.423	0.387 - 0.399
10	0.617	0.574 - 0.660	0.605 - 0.623
12	0.888	0.844 - 0.932	0.870 - 0.897
16	1.572	1.499 - 1.657	1.546 - 1.594
20	2.466	2.392 - 2.540	2.417 - 2.491
25	3.853	3.737 - 3.969	3.776 - 3.891
28	4.834	4.689 - 4.979	4.737 - 4.882
32	6.313	6.123 - 6.502	6.187 - 6.376

Rathi Bars Limited is an unlisted Public Limited Company. The Company is presently involved in the business of manufacturing Steel Bars, which is used in the Construction of Multistoried Buildings, Dams, bridges, flyovers, and power plants as a basic reinforcement material. The Company is manufacturer of Cold Twisted Deformed (CTD) Bars and Thermo-Mechanically Treated (TMT) Steel Bars of various dimensions, which are broadly categorized as the Long products in the Steel industry. The main raw material is MS ingot, which is easily available from locations nearby our Plant. The Rathis were amongst the first to adopt the technology of Tor-Steel in the country from Tor Istag Steel Corporation, Luxemburg, through the Tor-Steel Research Foundation of India.

The Company's products meet BIS 1786:1985 and ISO 9002 specifications. The manufacturing facility of the Company is situated at Bhiwadi (Rajasthan). Our Company started its commercial production on July 27, 1996 with a capacity of 48000 Metric Tonnes per annum and has now reached an installed Capacity of 80000 Metric Tonnes per annum (as on June 30, 2007).

The current production volume is around 67500 Metric Tonnes per annum. Our Company sells its products through more than 800 retail outlets spread throughout Northern India. In addition to the dealership network, we also have our own marketing team consisting of highly experienced marketing personnel, for direct marketing of the products to the Government, Semi-Government bodies and other Corporate clients. Our customer profile includes the names of the groups like - DLF, ANSALS, OMAXE, ELDECO, DMRC, HERO HONDA, HALDIRAM, EXIDE etc to name a few, and various other co operative Group Housing Societies, builders and corporate consumers.

Plant location:

Address: SP1 - 7, RIICO Industrial Area, Khuskhera, P.O. Tapukra-301701, District Alwar, Rajasthan.

Our plant is located at RIICO developed Industrial Area at Khuskhera(Bhiwadi) which is 35 Kms from Gurgaon & 15 Kms from Dharuhera on NH-8 (Delhi-Jaipur).

Our Company manufactures two types of steel bars: CTD and TMT.

The main raw material for manufacturing of steel bars are MS Ingots/Billets. The Ingots weigh around 100 Kgs per piece.

Samples are obtained from every batch of ingots and billets received at the plant site and sent to the in-house R&D laboratory situated within the factory premises. The samples are then tested for inherent chemical composition and if it meets the specified standards then the entire batch is sent for further processing. The bars are then checked for other sorts of physical manufacturing defects. The ingots are then ready for further processing while the billets are further cut into smaller pieces of manageable size. Then these pieces are fed into the reheating furnace for heating the bars upto a temperature of 1150 degree Celsius. These heated bars are then discharged one by one into the roughing mill R1 through the mill approach table. Six to-and-fro passes are made at R1. Seventh pass from R1 is repeated to R2 through a repeater, which is further repeated to R2 making it eighth pass. Ninth pass is repeated from 2nd Stand to 3rd Stand through repeater.

After R3, bar is conveyed to the intermediate mill through channels. On the way, front and rear ends are cropped at the rotary shears. Pinch rolls help to push the bar when it has left R3.

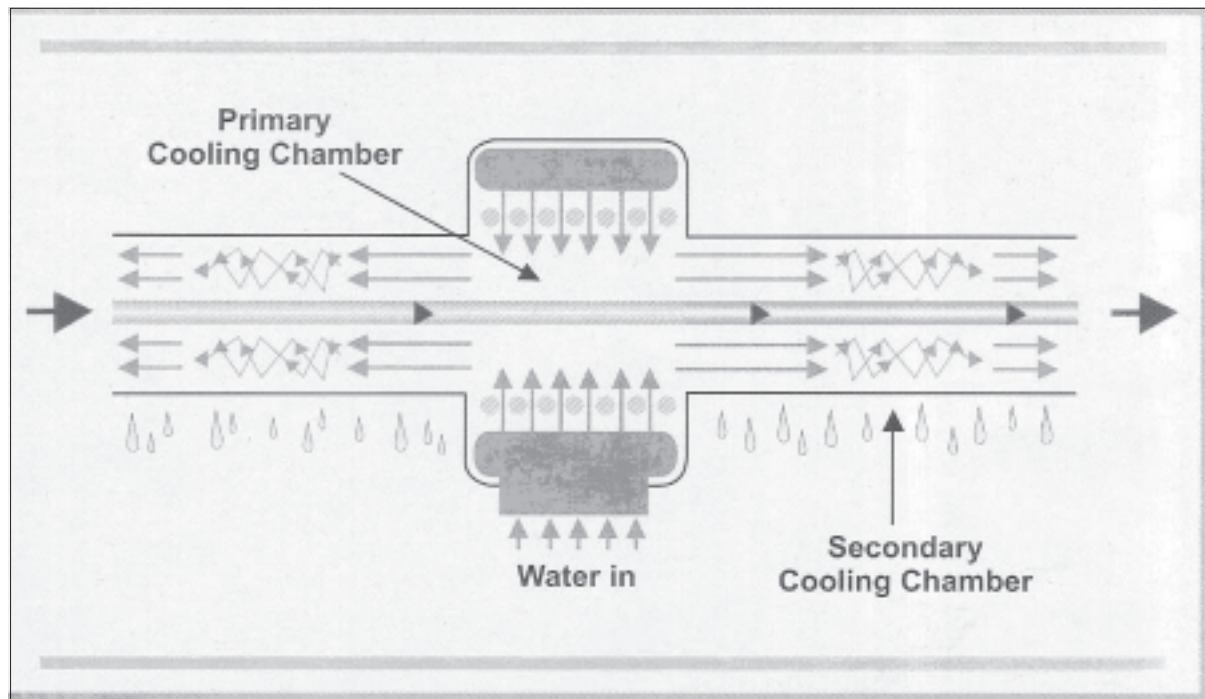
After the material leaves the 3rd roughing stand it passes through 6 stands of intermediate mill and four stands of finishing mill to enter into water cooled pipes for making **Thermex Bars (TMT Bars)**. There are two sets of pipes. One is for making 8mm to 12mm diameter bars and other for making 16mm to 32mm diameter bars.

Thermex Bars (TMT Bars)

It is a computer controlled in-line process of hardening and tempering during hot rolling (TMT). After leaving the last rolling stand at the required temperature, the hot rolled bar passes through a set of specially designed cooling pipes. The outer layer gets cooled while the core is still hot. The surface of the bar gets self-tempered by the heat from the core. The combination of a tempered martensite surface and ferrite + fine pearlite core provides considerably higher strength and ductility to the finished material, making it ideally suited for building strong structures.

Every step in the operation of the Thermomechanical (TMT) process has been scientifically engineered to ensure perfection to the core. From monitoring the chemistry of raw material, diameter of the bar and speed of rolling to calculating the quantity, pressure and temperature of water to attain the optimum physical parameters every time.

The basic design of the Thermex system is as follows:



For making **Cold Twisted Deformed (CTD)** ribbed bars. After the last stand, the deformed ribbed bars from 8mm to 12mm diameter are coiled at the coiler and from 16mm to 32mm are sent to cooling beds in straight lengths, the deformed ribbed bars are shifted to twisting machines for cold twisting, after straightening and cutting into marketable lengths are ready to dispatch. Twisting is the finishing operation in case of deformed ribbed bars, which gives the desired mechanical properties.

Properties of the products

Cold Twisted Deformed Bars (CTD Bars) gained acceptance from civil and structural engineers due to increased strength by cold twisting process.

CTD rebars used for reinforcement in Civil Works in the country generally conform to Grade Fe-415 of Bureau of Indian Standards BIS 1786, and are widely used by Indian construction industries.

Though most of the European countries have given up the use of CTD bars and started using thermo processed bars, these bars are still being used extensively in many of the developing countries like India, mainly due to their economic cost and high strength.

Thermo-mechanically treated bars (TMT Bars): though thermally processed steel bars are termed as TMT bars, the technology providers indicate that the process only involves quenching and tempering process without any mechanical treatment. Hence, they term these bars as Quenched and Tempered bars.

The desired level of strength in TMT is achieved by heat treatment and as a result it offers excellent weldability, ductility and earthquake resistance. In addition to above, these bars exhibit good fire resistance too.

After going through these processes both types become ready for dispatch.

QUALITATIVE ADVANTAGES OF RATHI STEEL BARS OVER NON-CONFORMING BARS

The rib pattern of RATHI Steel Bars is not only uniform but also solid and provides unparalleled bond strength between the bar and the surrounding concrete. RATHI® Steel Bars conforms to the stipulations of IS:1786 and international standards.

The higher tensile strength of RATHI® Steel Bars enables reduction in quantity of steel required in civil projects. RATHI® Steel Bars have exceptional dimensional tolerance and are rolled on the negative side of the Indian Standards Code, resulting in lower steel consumption.

Higher strength and enhanced elongation of RATHI® Steel Bars mean economy in steel consumption without compromising on safety.

RATHI® Steel Bars are a combination of strength and ductility, elongation in Steel Bars is a measure of ductility, and the RATHI® Steel Bars attain elongation of up to 22%.

Due to their tough outer surface and soft core, RATHI® Steel Bars have excellent bendability, which makes the work at construction sites easy and safe. RATHI® Steel Bars can be bent around mandrels much smaller in diameter than those specified in IS:1786.

Due to controlled Carbon and Manganese, RATHI Steel Bars possess excellent weldability. There is no loss of strength at weld joints. This ensures that they can be butt-welded or lap-welded without any requirement for pre or post welding treatment.

RATHI® Thermex® Steel Bars are water quenched and not cold-twisted. Hence, no torsion residual stresses are left in the bar, which results in excellent corrosion resistance properties in comparison to cold-twisted bars.

The unique combination of high strength and exceptional ductility with high fatigue strength results in a rebar with higher seismic resistance. Studies conducted on concrete beam column joints evaluated under repeated reverse loading validated the superior earthquake resistance properties of RATHI Steel Bars.

We also manufacture MS Ingots mainly for captive consumption.

Manufacturing process for Mild Steel Ingots:

Principle Of Induction Heating

The phrase Induction Heating is derived from the following phenomenon :

When an object is placed near or inside a coil carrying an A.C. current, a current is induced (by transformer action) in the object. When this induced current in the object is large enough, it can cause heating of the object and if this heating is of sufficient duration and intensity, it can melt the object.

Induction Furnace

The medium Frequency Coreless Induction Furnace, basically, consists of a refractory lined crucible surrounded by a conductor coil. The coil is made out of a specially designed extruded section of copper. The coil is surrounded by a number of lamination packets made from transformer iron to guide the external magnetic field.

Static Frequency Converter produces Medium Frequency Current and Voltage. Three Phase 50 Hz power, at desired voltage, is fed at the input of static frequency converter and output from the same is of single phase at desired voltage and frequency. DM (Demineralised Water) is used for cooling the Thyristors, DC Choke and other parts of Static Frequency Converter. MF CT and PT feed the instruments i.e. MF Voltmeter, Ammeter, Kilowatt meter to indicate these outputs and Frequency is indicated by Frequency meter. The relays provide the necessary protection against over voltage, over current and frequency etc.

The furnace coil has lagging power factor, which varies as the melt proceeds. The power factor is corrected by MF capacitors connected in parallel to the coil and the frequency shifts to resonance frequency as melting progresses.

Medium Frequency Power is fed to the furnace crucible through the flexible Water Cooled cables.

This medium frequency current is passed through the coil, producing a powerful magnetic field, which induces currents in the metal charge (Scrap) inside the crucible, causing the charge to become heated and eventually to melt. Soft water is passed through the coil; water-cooled cables and bus bar etc. to prevent damage due to overheating.

The complete furnace comprises of :

- Circuit Breaker
- Transformer
- Static Frequency Converter
- Furnace Crucibles
- Hydraulic Power Pack for tilting of furnaces
- Remote Control Desk

- DM Water Cooling System
- Water Cooled Leads
- Erection Materials
- Manual change Over switches for selecting the crucible to be operated.

Lining

The ramming material, as normally supplied contains the percentage of flux (usually 2% Boric Acid) and not more than 0.25% of free moisture and care is taken to keep the material as dry as possible.

The ramming mass is taken out of bags/containers and carefully mixed. This is done in large shallow trays - high piling of the material produces a segregation of the coarse and fine particles. Cleanliness and the avoidance of all foreign matter are essential: mixing is never done on ordinary floor, particles of the surface of which could get taken up in the mixture. Even distribution, throughout the mass, of the various grading is most important. Mixture can best be controlled if small quantities are handled at a time.

Earthing electrode is properly positioned to monitor the lining condition. Care is taken to ensure that wires fan out evenly at approximately equal spacing; no two wires touch one another and all wires reach right through to the bottom of lining former.

Ramming is done by hand tools made from steel rod or by pneumatic rammer. The purpose of ramming is to achieve the greatest possible density by getting the fines to fill, as completely as possible, the interstices between the coarse particles whilst the whole mass remains relatively loose.

Drying and Sintering Lining

This is carried out by inducing currents in the ramming former and charge, using initially low power, raising temperature slowly preferably at the rate of 100oC per hour. The temperature of the former is not allowed to rise above a dull red heat whilst there is any sign of moisture coming away from lining.

Melting Practice

After the lining has been installed and dried out the furnace is charged with scrap. In the first heat of lining or after patching, power is increased gently and gradually (In the subsequent heats full power is fed from the start) over as long a period as possible to the stage where former commences to "run". Frequent power switching and the resulting "pumping" effect on the lining are avoided. In the bottom light scrap is used to avoid damage to the lining. As the charge collapses/ melts more scrap is added till the crucible is full with liquid metal. Care is taken to feed the scrap in crucible rather than dropping it in with consequent damage to the lining. Special care is taken to prevent "bridging" or "Scaffolding". In the sintering heat, the temperature of liquid metal is brought about 50oC above the normal pouring temperature and held there for an hour.

All the slag formed in the furnace, as well as that directly carried in the charge floats on the top. This is removed before superheating or alloying. Shallow spoons, covered with graphite are used for this operation.

The sample is taken for analyzing in chemical laboratory to check the composition. Ferro Alloys and other materials are added to bring the composition. The process of taking samples and additions is repeated till required composition is achieved. As the desired chemical composition and temperature is achieved, twin hydraulic cylinders fed with fluid from a Hydraulic Power Pack hydraulically tilt the complete furnace body.

The liquid metal is poured into the Bottom Plates to Mould. Here it is cast as Ingot. Cast Ingots are inspected and subsequently removed for further Processing/Rolling.

Plant, machinery, technology, process, etc.:

LIST OF MAJOR PLANT & MACHINERY AT BHIWADI

I	Rolling Mill
1	Pusher Type, Oil Fired, End Charging, Side Charging reheating Furnace
2	Roughing Mill: 3Hi, 2 Stand, 2 Hi 1 stand
3	Intermediate Mill No. 1 :, 2 Hi alternating, 4 stands

4	Intermediate Mill No. 2 :, 2 Hi alternating, 2 stands
5	Finishing Mill 1: 2 Hi 2 Stands
6	Finishing Mill 2 : 2 Hi 2 stands
7	Patented THERMEX System for TMT bars
8	Cooling Bed
II	Post Rolling
1	Twisting Machines - 13 Nos.
III	Induction Furnace with panel and crucible and all other accessories - 2 Nos.
IV	EOT Cranes
1	of 10 MT Capacity in Rolling Mill Shed - 2 Nos.
2	of 5 MT Capacity in Mill Pusher Shed - 2 Nos.
3	of 5 MT Capacity in Workshop shed - 1 No.
4	of 15 MT Capacity for Ingot yard - 2 Nos.
5	of 10 M Capacity with Magnet for Scrap yard - 2 Nos.
V	Machine Shop
1	Lathes - 12 Nos.
2	Shapers - 3 Nos.
3	Planners - 1 No.
4	Surface Grinders - 2 Nos.
5	Radial Drill Machine - 1 No.
VI	Chemical & Physical Lab
1	Universal Tensile Machine 100 T.
2	Brinell and Rockwell Hardness Testing Machine
3	Sample polisher
4	Chemical Lab for Rolling Machine
5	Chemical Lab for Induction Furnace
VII	Electrical
1	Transformers 2000 KVA - 2 Nos.
2	Mill Duty, AC Induction, Slip ring Motors from 500 HP to 1500HP
3	Transformers 3500KVA for Induction Furnace - 2 Nos.
4	Transformers 2000KVA for Induction Furnace - 1 No.
5	33 KV Sub station - 1 No.
6	Power Factor Panel - 2 Nos.
7	LT Panels for Induction Furnace and Rolling Mill - 4 Nos.
8	DG set 163 KVA, for Induction Furnace - 1 No.
9	DG set of 60 KVA for Rolling Mill - 1 No.
10	DG set of 80 KVA for Rolling Mill - 1 No.

VIII	Utilities
1	Water Complex for Rolling Mill
2	Water Cooling tower & over head tank for Induction Furnace
3	Water Complex for THERMEX (TMT) system
4	Compressed Air System for Rolling Mill
5	Compressed Air System for Induction Furnace
6	Pollution System for Induction Furnace
7	Hydraulic Bailing Press - 1 No.

Collaborations, any performance guarantee or assistance in marketing by the collaborators:

We have entered into technology tie-ups with the following:

1. M/s TORSTEEL RESEARCH FOUNDATION, a trust promoted by M/s TOR-ISTEG STEEL CORPORATION, Luxembourg for the use of their registered trademark “TOR”.
2. M/s H&K Rolling Mill Engineers Private Limited (H&K) for use of “Thermex®” Technology patented by M/s Henningsdorfer Stahl Engineering (HSE) GmbH, Germany.

The details of the said agreements are mentioned on page 57 of this Prospectus.

Infrastructure facilities for raw materials and utilities like water, electricity, etc.

RAW MATERIAL

FOR ROLLING MILL

There are basically three kinds of raw material that are used in the production of steel bars.

1. MS Ingots
2. MS billets
3. Furnace Oil
4. Power

MS Ingots and billets are sourced from Bhiwadi, Chattisgarh, Jharkhand, Orissa and West Bengal.

Inventory of Ingots and Billets are maintained for around 8-10 days. The composite monthly requirement of the two raw materials is around 5500-6000 MT.

Furnace Oil is mainly sourced from Reliance refinery in Jamnagar, Gujarat. We maintain an inventory of around 3-5 days of furnace oil in 2 storage tanks with a capacity of 45 Kl each. The monthly requirement of furnace oil is around 350 Kl.

FOR INDUCTION FURNACE

There are basically six kinds of raw material that are used in the production of MS Ingots.

1. Sponge Iron
2. Scrap Metal
3. Silico Manganese
4. Ferro Silicon
5. Ferro Manganese
6. Aluminum Shorts
7. Calcined Petroleum Coke
8. Power

Sponge iron is sourced from Orissa and Chattisgarh.

Scrap metal is sourced from local dealers.

Silico Manganese, Aluminum Shots, Petroleum Coke are sourced Vishakapatnam, Meghalaya, Raipur, Durgapur, Chamba and also from local dealers in Bhiwadi.

The furnace is run on power supplied by the State Electricity Board.

Till date the Company has not faced any problem in procurement of the required raw material and the Company does not foresee any such problem arising in the near future. The close proximity to the raw material also augments the Company's bottomlines in the form of cost savings.

POWER

The Company has a sanctioned load of 6290 KVA from Jaipur Vidyut Vitran Nigam Ltd. The Company has applied for an additional load of 3250 KVA for meeting its additional power demand to be generated after completion of the expansion plans. The combined load of 9540 KVA would be adequate for the present as well as estimated future requirements of the Company.

In addition to above, the plant has a power back-up through its in house installed 3 Diesel Generator sets of 163 KVA, 80 KVA and 60 KVA capacities respectively.

WATER

Water is required mainly for the manufacturing process and is adequately available from the bore wells in the factory premises.

EFFLUENT TREATMENT

Our Company is having complete system of effluent treatment to control air and water pollution. Based on this the Rajasthan State Pollution Control Board has given their consent to operate the mill.

Products/ services of the issuer company:

RBL manufactures two types of steel bars the details of which have already been elaborated earlier in this chapter.

MARKETING & SELLING ARRANGEMENTS STRATEGY:

Our Company sells its products through more than 800 retail outlets spread throughout Northern India. Besides the dealership network, we also have our own marketing team consisting of highly experienced marketing personnel, for direct marketing of the products to the Government, Semi-Government bodies and other Corporate clients. Our customer profile includes the names of the groups like - DLF, ANSALS, OMAXE, ELDECO, DMRC, HERO HONDA, HALDIRAM, EXIDE etc to name a few, and various other co operative Group Housing Societies, builders and corporate consumers.

We market our Steel bars under the brand "RATHI®RBL". The Company sells its products through 800 plus retail outlets spread throughout Northern India. Though these outlets are non exclusive outlets, the Company has been selling its products through most of these outlets for more than a decade.

The Company's network is spreads through the States of Rajasthan, Delhi, Haryana, Uttar Pradesh, Punjab & Himachal Pradesh.

The break-up of dealers in various states are as under:

S. No.	States	No. of Dealers/Steel Shops (Approx)
1.	Rajasthan	160
2.	Delhi	150
3.	Haryana	150
4.	Uttar Pradesh	150
5.	Punjab	150
6.	Himachal Pradesh	50

We manufacture TMT bars using the “Thermex® ” technology, which is a patent of the German collaborator M/s Hennigsdorfer Stahl Engineering GmbH, and the Company is licensed to use the same. We are one of the selective few to use the Thermex technology to manufacture TMT bars in Northern India.

Our sales promotion methods include holding of seminars of contractors and architects, display of products in trade fairs, hoardings, bus shelters, bus panels etc., appointing more and more dealers and widening of area covered.

COMPETITION:

We are in the business of manufacturing of Steel Bars since 1996. We have a comprehensive presence in Northern India through our dealer network comprising of more than 800 dealers and also our own marketing team consisting of highly experienced marketing personnel. Our products are sold under the brand name “RATHI® RBL”.

Our main competitors are, Kamdhenu Ispat Limited, Raipur Alloys, Vardhman Industries and Zenith Birla.

Another company named Rathi Special Steels Limited (RSSL) belonging to the same group as RBL (K.K. Rathi Group) is also in the same line of business of manufacturing Steel Bars. Its plant is also based in Khushkhera. However, this plant is not yet operational.

BUSINESS STRATEGY

The Company has decided to develop and enlarge its business operations through its modernization and expansion plans. Under this the Company intends to commence the in house production of steel billets, the main raw material for production of CTD and TMT Bars and enhancement of production capacity by 20% which in turn will result in reduction in the cost of production and increase in sales and profitability.

Capacity & Capacity Utilisation:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Installed Capacity Bars (MTPA)	80000	80000	80000	80000	100000	100000	100000
Actual Production Bars (MTPA)	52102	63939	73517	75000	85000	90000	95000
Installed capacity Low Carbon Billets (MTPA)	—	—	—	—	67500	67500	67500
Actual Production capacity Low Carbon Billets (MTPA)	—	—	—	—	43875	50625	57375

Insurance

The Buildings, Plant & Machinery and other Fixed Assets of the Company have been insured against Fire and Burglary through New India Assurance Company Limited and all the policies are valid as on date. The Company has taken various insurance policies. The insurance policies cover have been obtained from The New India Assurance Company Limited. The sum total of the insurance cover is Rs. 257456000. We are also maintaining Key man Insurance Policies with the Life Insurance Corporation of India. The sum total of the insurance cover is Rs. 18575000/- for all our Executive Directors. We believe that our insurance coverage is adequate as per present requirements of the Company.

PROPERTY

IMMOVABLE PROPERTY

The Registered and Corporate Office of the Company is situated at the over 4000 square feet of area at premises bearing no. A-24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044, owned by its Managing Director Shri K. K. Rathi. The Company has obtained permission/no objection letter from Shri K. K. Rathi to partly use the said premises as its registered office. The expenditure for maintenance of the office would be borne by the Company.

The Company has also taken on lease a piece of land at Plot no: SP1 - 7, RIICO Industrial Area, Khushkhera, P.O. Tapukra-301701, District Alwar, Rajasthan, where its manufacturing unit is located, from Rajasthan State Industrial Development & Investment Corporation Limited, Jaipur, by way of registered lease deed dated 10th November, 1994 for a period of ninety nine years commencing from 27th July, 1994 for an annual rent of Rs. 1350/- (Rupees One Thousand Three Hundred and Fifty) Only.

The Company has also taken on lease an office space and Godown at Nand Ram Pur Bas Road, Dharuhera, Rewari, Haryana, where its branch office is located, from Shri Ramesh Kumar, S/o Shri Matadin, by way of a rent agreement dated 20.08.2000 for a monthly rent of Rs. 1500/-.

OUR INDEBTEDNESS

S. No.	Name of Lender	Loan Documentation	Overall Limits available	Interest Rate	Repayment Schedule	Security created	Outstanding Amount as on June 30, 2007 (Rs. in Lacs)
1.	Rajasthan State Industrial Development & Investment Ltd. (RIICO)	Loan Agreement dated 24.05.2003; Deed of Guarantee; Mortgage by deposit of title deeds created on 24.05.2003; Collateral security; Deed of Hypothecation dated 24.05.2003	Term Loan of Rs. 300 Lacs	Interest payable @ 13% p.a. and in case of default additional 2% p.a. shall be payable on the amount of default for the period of default. However, in our case the effective rate of interest presently is 11% (13% less 2% rebate for timely payments).	The loan is re payable in 17 quarterly installments. The payment of installments began on August 15, 2003.	Mortgage of all the immovable properties of the Company situated at SP1-7 RIICO Industrial Area, Khushkhara, Bhiwadi, District Alwar (Rajasthan); Collateral Security of lands of Shri Kamlesh Kumar Rathi at Gautam Budh Nagar, Distt. Ghaziabad (U.P); Whole of moveable property, assets of the borrower including plant & machinery, fittings, spare parts, accessories, typewriters, motor vehicles, office furniture, stock of raw materials, finished goods, uncalled capital including all land; Additionally, personal Guarantee of all three Whole Time Directors - Shri K.K. Rathi, Anupam Rathi and Anurag Rathi has also been provided.	17.65
2.	Rajasthan State Industrial Development & Investment Ltd. (RIICO)	Deed Of Hypothecation dated 16.04.2007	Multi Purpose Term Loan of Rs. 200 Lacs	Interest payable @ 12.50% p.a. and in case of default additional 2% p.a. shall be payable on the amount of default for the period of default. However, in our case the effective rate of interest is only 11% (12.50% less rebate of 1.50%).	The loan is re payable in 18 quarterly installments. The payment of installments began on August 15, 2007.	Whole of moveable property, assets of the borrower including plant and machinery, fittings, spare parts, accessories, typewriters, motor vehicles, office furniture, stock of raw materials, finished goods, semi-finished goods, uncalled capital including all land. Additionally, personal Guarantee of all three Whole Time Directors - Shri K.K. Rathi, Anupam Rathi and Anurag Rathi has also been provided.	200.00

S. No.	Name of Lender	Loan Documentation	Overall Limits available	Interest Rate	Repayment Schedule	Security created	Outstanding Amount as on June 30, 2007 (Rs. in Lacs)
3.	State Bank of Bikaner & Jaipur	Deed of Hypothecation of goods and assets dated 28.10.2004. Agreement of loan for overall limits dated 28.10.2004	Term loan of Rs. Rs. 900 Lacs but Rs. 726.36 Lacs vide revised sanction letter dated 25.04.2006	Rate of Interest being 1.65 below existing BPLR.	Repayment in 60 monthly installments after a moratorium period of 6 months from the date of first disbursement. The first repayment commenced from 30.04.2005 onwards.	First pari-passu charge by way of Equitable mortgage of factory land and building at SP1 - 7, RIICO Industrial Area, Khuskhera, P.O. Tapukra - 301701, District Alwar, Rajasthan and hypothecation of other fixed assets of the company. Second hypothecation charge on the company's current assets, including raw material, stores & spares, stock in progress, finished goods, book debts and other current assets. Additionally, personal Guarantee of all three Whole Time Directors -Shri K.K. Rathi, Anupam Rathi and Anurag Rathi has also been provided.	354.37
4.	State Bank of Bikaner & Jaipur	Deed Of Hypothecation dated 16.04.2007	Standby Line of Credit Rs. 75 Lacs	Rate of Interest 9.10% (0.65% below BPLR)	-	Primary Security: First charge by way of hypothecation of entire current assets of the company including raw material, finished goods lying at godown or in transit and receivables etc. Collateral: Second charge by way of Equitable mortgage of factory Land & Building at SP-7 RIICO industrial area, Khuskhera, Dist-Alwar and hypothecation of other fixed assets of the company WDV as on 31.3.2005 is Rs. 1681.54 Lacs. Additionally, personal Guarantee of all three Whole Time Directors - Shri K.K. Rathi, Anupam Rathi and Anurag Rathi has also been provided.	75.70

S. No.	Name of Lender	Loan Documentation	Overall Limits available	Interest Rate	Repayment Schedule	Security created	Outstanding Amount as on June 30, 2007 (Rs. in Lacs)
5.	State Bank of Bikaner & Jaipur	Deed of hypothecation dated 10.05.2007	Adhoc cash credit limit of Rs. 100 lacs	Rate of Interest 9.10% (1.65% below BPLR)	-	<p>Primary Security:</p> <p>First charge by way of hypothecation of entire current assets of the company including raw material, finished goods lying at godown or in transit and receivables etc.</p> <p>Collateral:</p> <p>Second charge by way of Equitable mortgage of factory Land & Building at SP-7 RIICO industrial area, Khuskhera, Dist-Alwar and hypothecation of other fixed assets of the company WDV as on 31.3.2005 is Rs. 1681.54 Lacs.</p> <p>Additionally, personal Guarantee of all three Whole Time Directors - Shri K.K. Rathi, Anupam Rathi and Anurag Rathi has also been provided.</p>	100.93
6.	State Bank of Bikaner & Jaipur	Deed of hypothecation dated 28.10.2004	CC Limit of Rs. 500 Lacs	Rate of interest 9.10%	-	<p>Primary Security:</p> <p>First charge by way of hypothecation of entire current assets of the company including raw material, finished goods lying at godown or in transit and receivables etc.</p> <p>Collateral:</p> <p>Second charge by way of Equitable mortgage of factory Land & Building at SP-7 RIICO industrial area, Khuskhera, Dist-Alwar and hypothecation of other fixed assets of the company. Additionally, personal Guarantee of all three Whole Time Directors - Shri K.K. Rathi, Anupam Rathi and Anurag Rathi has also been provided.</p>	362.83

KEY INDUSTRY REGULATIONS

There are no industry specific regulations for the segment in which we operate although relevant provisions from the Industrial Policy Regulations of the Central Government for the Steel sector has a whole have been illustrated below:

THE NEW INDUSTRIAL POLICY REGIME, 1991

The New Industrial policy has opened up the Iron and Steel sector for private investment by

- (a) Removing it from the list of industries reserved for public sector; and
- (b) Exempting it from compulsory licensing.

Subject to the provisions of the manual on Foreign Direct Investment Policy & Procedures of the Government, the import of foreign technology as well as foreign direct investment in the Iron & Steel sector is permitted under the automatic route. The liberalization of the industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the Steel industry. While the existing units are being modernized/expanded, a large number of new/Greenfield Steel plants have also come up in different parts of the country based on modern, cost effective, state-of-the-art technologies.

DUTIES AND LEVIES ON IRON AND STEEL

The following is the impact of the Union Budget 2006-07 on the custom Duties of various items relevant to the Company.

- Custom Duty on Stainless Steel and other Alloys Steel has been reduced from 10% to 7.5%
- Duty on Non Alloys Steel remains at 5%
- Duties on Ferro Alloys has been reduced from 10% to 7.5%.
- Duties on Steel Melting Scrap has been raised from 0% to 5%.
- Duties on Ores and Concentrates has been reduced from 5% to 2%.

(Source: www.steel.nic.in dated April 5, 2006 Joint Plant Committee, GOI)

IRON & STEEL (CONTROL) ORDER, 1956

The procedure for availing of liberalized licensing facilities under the New Industrial Policy was laid down in this Ministry's Press Note No. 9 (1991 series) dated 2nd August, 1991. In the case of exempted industries, industrial undertakings are required to file a Memorandum in the prescribed form to the Secretariat for Industrial Approvals (SIA), Ministry of Industry, as per procedure laid down in Para 6 of the aforesaid Press Note. They are also required to file another Memorandum in the prescribed form with the SIA at the time of commencement of commercial production.

Scheduled Industries (Submission of Production Return) Rules were notified by Government on 3rd May, 1979. According to these rules, all industrial undertakings are required to submit a monthly production return in the prescribed form attached to the Rules. All industrial undertakings whether they are exempted or not from the licensing provisions of the Industries (Development & Regulation) Act, 1951, are required to submit monthly production returns in time to the concerned technical authorities, namely, the DGTD (Directorate General Technical Development), Iron and Steel Controller, Coal Controller, Directorate of Sugar, Directorate of Vanaspati, Vegetable Oil & Fats and the Textile Commissioner Bombay, as the case may be.

A copy each of the production return is required to be submitted to concerned Administrative Ministry/Department also. In the case of small scale/ancillary industrial undertakings, the production return is also to be submitted to the State Director or Commissioner of Industries and to the Department of Small Scale & Agro and Rural Industries (DCSSI) with a copy to Small Industries Service Institute.

Pricing and Distribution

Price regulation of Iron & Steel was abolished on January 16, 1992.

Export Licensing

Duty Entitlement Pass Book Scheme (DEPB) introduced to facilitate exports. Under this scheme exporters on the basis of notified entitlement rates, are granted due credits which would entitle them to import goods without duty. The DEPB scheme was temporarily suspended from March 27, 2004 to July 12, 2004. The Scheme has since been restarted.

(Source: Websites of Indian Steel Alliance and Ministry of Steel, Government of India)

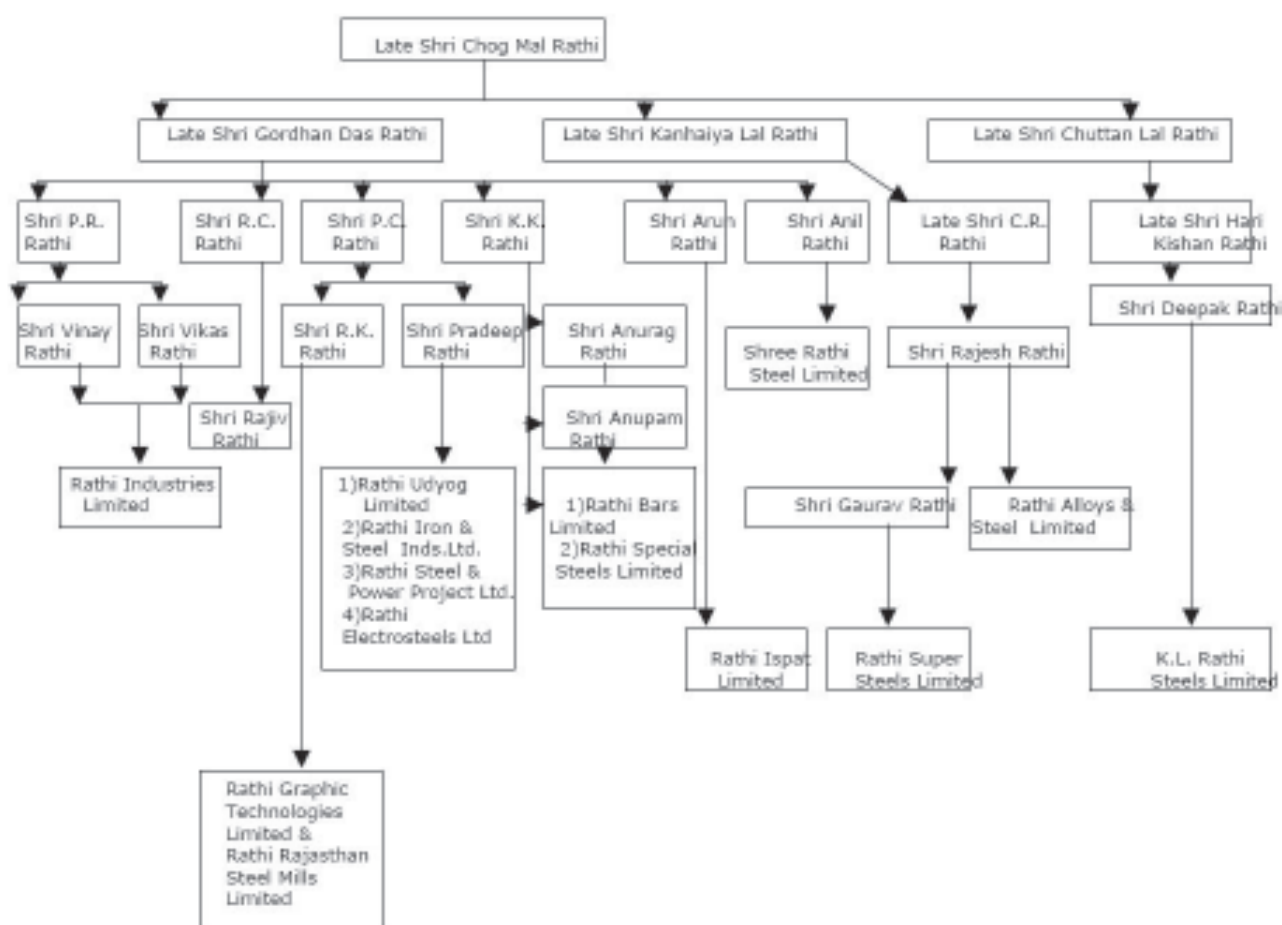
OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

RATHI BARS LIMITED (RBL) was incorporated on 10th Day of August 1993 under the Companies Act, 1956 and received the Certificate for Commencement of Business on 18th Day of March 1994.

The Company is mainly promoted by the K.K.Rathi Group which is a part of the larger Rathi family. Shri K.K.Rathi is the one of the six sons of Late Shri Gordhan Das Rathi who was the son of Late Shri Chog Mal Rathi who founded the Rathi family. Rathi family refers to the Rathi family members and their companies as existed prior to the family understandings and inter se settlements from time to time. It is not a business group but a family whose members own separate businesses without any of the members having a say in the business controlled by the others.

The detailed family chart of the Rathi Group is as follows:

The Detailed Family Chart of the Rathi Family



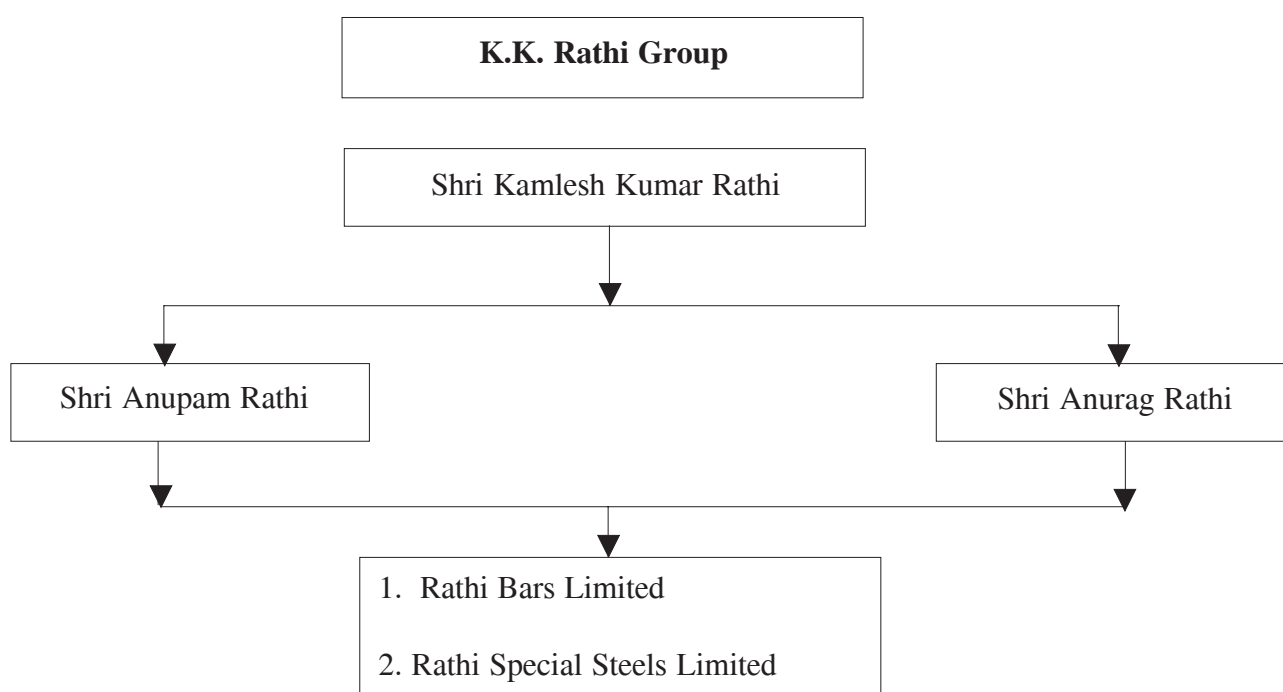
Rathi Bars Limited is also a Company which is a part of the K.K.Rathi group, one of the members of the Rathi Family. Rathi Bars Limited is a Company Controlled by Shri K.K.Rathi and his two sons Anupam and Anurag, along with their spouses.

Shri Kamlesh Kumar Rathi (K.K. Rathi) is the son of Late Shri Gordhan Das Rathi.

K.K. Rathi group refers to the immediate family members of Shri K.K. Rathi and specifically excludes all his siblings. It also includes the Companies under the Control of Shri K.K. Rathi and his immediate family members and specifically excludes all Companies under the direct or indirect control of his siblings.

To be more specific, it includes:

- 1) Shri K.K. Rathi;
- 2) His two sons Anupam and Anurag;
- 3) Their spouses Pushpa, Parnika and Nandita;
- 4) HUFs controlled by the male members; and
- 5) Two Companies Rathi Bars Limited and Rathi Special Steels Ltd.



The company was established for setting up steel rolling mill at RIICO Industrial Area, Khushkhera, Bhiwadi, District. Alwar, Rajasthan. RBL is one of the established steel companies in Northern India producing quality Steel under the brand name RATHI® RBL and RATHI® Thermex® RBL. It has been able to carve out a distinct image for itself in the steel market due to the high quality of product that it has maintained ever since production of steel bars was started. Very strict quality control measures are observed from the very beginning of the production process.

The steel rolling industry is an important segment of steel industry and plays a vital role in supply different products like bars, rods and structural items required for various sectors especially housing and industry, re-enforcing concrete work for housing, construction of Dams, Bridges etc. The company is engaged in the manufacture of reinforcement steel bars (Cold Twisted Deformed Bars) under the brand name “RATHI® RBL” & “RATHI® THERMEX® RBL”.

Key Events and Milestones

DATE	KEY EVENTS, MILESTONES AND ACHIEVEMENTS
10.08.1993	Incorporated under the Companies Act, 1956
18.03.1994	Certificate for Commencement of Business
27.07.1996	Commercial Production started
02.03.1998	Entered into an agreement with M/s Rathi Research Centre for the use of the registered “RATHI®” trademark under No. 367635.
18.06.1998	Received the Licence of (Bureau of Indian Standards) BIS 1786:1985 Certification to use ISI Mark.
28.06.2000	Entered into an agreement with H&K Rolling Mill Engineers Private Limited for use of “Thermex®” Technology patented by M/s Henningsdorfer Stahl Engineering GmbH, Germany for production of the goods.
21.09.2002	Received the Certificate from H&K Rolling Mill Engineers Private Limited for use of “Thermex®” Technology patented by M/s Henningsdorfer Stahl Engineering GmbH, Germany for production of the goods.
25.02.2003	Entered into an agreement with H&K Rolling Mill Engineers Private Limited (the “Proprietor”) for use of “Thermex®” Trademark
20.09.2004	Received the Certificate of recognition of Organization’s Quality System which complies with ISO 9001:2000 awarded by M/s United Registrar of Systems Limited.
29.03.2005	Received the Certificate of Importer - Exporter Code (IEC No. 0504089846)
01.10.2005	Entered into an agreement with M/s TORSTEEL RESEARCH FOUNDATION in India in relation to use the trademark “TOR®” registered in India under No. 148618.

Main Objects of the Company:

1. To set up steel furnaces and continuous casting and rolling mill/plant for producing steel and alloy steel ingots, steel and alloy steel billets, and all kinds and sizes of re-rolled sections, i.e., flats, angles, rounds, squares, hexagons, octagons, rails, joints, channels, steel strips, sheets, plates, deformed bars, plain and cold twisted bars, bright bars, shafting, and steel structurals.
2. To carry on business of all or any kind of iron and steel founders, steel melters, steel makers, steel shapers and manufacturers, mechanical engineers and fabricators, contractors, tool makers, brass founders, metal workers, manufacturers of steel, metal and malleable grey, casting including ferrous, non-ferrous, special and alloy steel, spring steel, forging quality steel manufacturers, processors of all types of forged components and accessories, alloys, nuts, bolts, steel rounds, nails, tools, all types of hard ware items, plate makers, wire drawers, tube manufacturers, galvanisers, japaners, re-rollers, annealers, enamellers and electroplaters and to buy, take on lease or hire, sell, import, export, manufacture, process, repair, convert, let on hire, otherwise deal in such products, raw materials, stores, packing materials, by products and allied commodities, machineries, rolling stock implements, tools, tensils, ground tools and materials.
3. To carry on the business or businesses of manufacturers, importers and exporters of and dealers in ferrous and non ferrous castings of all kinds and in particular, (i) pans, rice bowls, cooking posts, and hollow-wares of all kinds (ii) cocking description and their accessories, (iii) cast iron pipes and fittings, railings, stair cases ventilators and all building materials, (iv) man hole covers, surface boxes, cisterns, weights and castings of all description, big and small, (v) chilled and malleable castings, special alloy castings and foundry works of all kinds, (vi) forgings of mild carbon alloy and stainless steels and die forgings of all types.
4. To carry on business of iron-masters, forgers, iron founders, mechanical and electrical engineers, steels and non ferrous metal converters, manufacturers of agricultural implements and machineries and tools, brass founders, metal workers, boiler makers and metallurgists and wood-workers or as consultants in any matters referred in sub clause 1 to 3 above.

Confirmation by Chartered Capital and Investment Limited

We confirm that the Main Object Clause of the Memorandum of Association of the Company enables the company to

undertake the activities for which the funds are being raised in the present issue. The activities carried out until now is in accordance with the Object as mentioned in the Memorandum of Association of the Company. The main objects adequately cover its existing and proposed activities. Disclosure has been made.

Changes in the Memorandum and Articles of Association of our Company

Since incorporation, the following changes have been incorporated in Memorandum and Articles of Association of our Company, after approval of the Members.

A) Increase in the Authorised Share Capital

Date of Shareholder Approval	Increase	
	From	To
28.03.1994	Rs. 5 Lacs	Rs. 50 Lacs
28.09.1994	Rs. 50 Lacs	Rs. 150 Lacs
10.07.1998	Rs. 150 Lacs	Rs. 200 Lacs
23.02.1999	Rs. 200 Lacs	Rs. 250 Lacs
27.01.2003	Rs. 250 Lacs	Rs. 350 Lacs
23.07.2004	Rs. 350 Lacs	Rs. 450 Lacs
30.08.2004	Rs. 450 Lacs	Rs. 525 Lacs
11.12.2006	Rs. 525 Lacs	Rs. 1000 Lacs
10.01.2007	Rs. 1000 Lacs	Rs. 1800 Lacs

B) Change in the Registered Office of the Company

The Registered Office of the Company was first shifted from 6, Sadhna Enclave, New Delhi - 110017 to B - 1/9, Malviya Nagar, New Delhi - 110017 w.e.f. 27th Day of March 2006 vide resolution passed at the Meeting of the Board of Directors held on even date. It was again shifted w.e.f. November 27 2006 to A-24/7, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110044 vide resolution passed at the Meeting of the Board of Directors held on 15th Day of November 2006.

Change in name of the Company

There not has been any change in the name of our Company since incorporation.

Subsidiaries of Our Company

As per the Audited Balance Sheet dated March 31, 2006 and Audited Annual Accounts for the period ending 30 November 2006, our Company does not have any subsidiaries.

Shareholders' Agreement

Our Company does not have any subsisting shareholder's agreement as on the date of filing this Prospectus.

Other Agreements

1) Registered User Agreement(s) dated March 2, 1998 and April 13, 2004 in relation to the trademark "RATHI®"

We have entered into this agreement with the Rathi Research Centre, a Registered Trust (the "Proprietor") for use of the registered trademark "RATHI®" of the Proprietor ("Registered Trademark"). Rathi Research Centre is the registered proprietor of the trademark "RATHI®" under the registration no. 367635 in class 6 in respect of goods as contained in registration no. 367635. Rathi Research Centre has six trustees out of which three trustees are Shri K.K.Rathi, Shri Anupam Rathi and Shri Anurag Rathi, who are also the present Whole Time Directors of our Company.

The need for the said agreement arose since the trademark "RATHI®" is the registered trademark in the name of the Rathi Research Centre.

Pursuant to this agreement, we have a non- assignable and non-exclusive licence to use the Registered Trademark as a registered user and shall have the right to affix the same on specified Goods manufactured by us. We can

use the Registered Trademark only in relation to the specified Goods, so long as they are manufactured in accordance with the know-how of the Proprietor. The Proprietor has also undertaken to provide additional know-how to us, considered necessary for manufacture of specified Goods and we have agreed to manufacture specified Goods in strict accordance with the quality, standards, specifications and directions specified or to be specified by the Proprietor and have agreed to make no modification in or to any such specification.

As per the terms of the agreement, the authorised representatives of the Proprietor are permitted to inspect the finished goods and the methods of manufacturing, processing, treating, packaging, and distributing. Moreover, we are not allowed to acquire any right in the registered trademark during the term of this agreement.

The above agreement was valid for a period of 6 years i.e. till 1st March 2004, and thereafter it was renewed further vide agreement dated 13th April 2004 w.e.f. 2nd March 2004 (with the terms and conditions of the former agreement) for an unlimited period of time unless terminated for any breach of the agreement.

The said agreement shall wholly cease and determine:

- In the event of breach or default by us in observance or performance of any of the terms or conditions of this agreement or the Trust Deed dated October 18, 1995, upon notice of default being served upon us that unless the breach is remedied, the said agreement shall terminate after 60 days of receipt of notice;
- Forthwith upon bankruptcy or insolvency of RBL or upon appointment of a receiver;
- Any waiver of right of termination of any earlier default shall not constitute a right to waive the right to terminate on account of any subsequent default.

Upon the termination or expiry of the said agreement we are required to forthwith cease use of the Registered Trademark nor use any other trademark which is confusingly similar or seek to register any such deceptively similar trademark.

2) Agreement dated October 1, 2005 in relation to use the trademark “TOR® ”

We have entered into this agreement with M/s TORSTEEL RESEARCH FOUNDATION IN INDIA (hereinafter referred to as ‘The Foundation’) in relation to use the trademark “TOR® ” registered in India under No. 148618. M/s TOR-ISTEG STEEL CORPORATION, Luxembourg (hereinafter referred to as ‘TOR-ISTEG’), is the proprietor of the Trademark “TOR® ” registered in India under No. 148618 in respect of bars and rods of iron and steel in Class 6 of the International Classification of Goods and Services. The Foundation is a registered trust promoted by TOR-ISTEG and are also its designated successors.

The Foundation will provide us with complete technical disclosure including specifications, technical know-how, production procedure and quality control procedures to produce the said goods and render R&D assistance for improving qualities of steel to be manufactured under the Trademark “TOR® ”. We are to manufacture the goods (i.e. bars and rods of iron and steel of grade Fe 415, Fe 500 of IS:1786/1985 and including other grades as may be specified by the Foundation but not limited to reinforcing steel bars and rods that have been either cold worked or thermo mechanically treated or alloyed) as per the specifications provided. Moreover, we are required to emboss on the said goods, the trademark in the design as directed by the Foundation along with the trademark and have undertaken not to emboss the trademark “TOR® ” on any other products produced at our mill.

The said agreement shall continue for a period of five years i.e. upto 30th September 2010 and will be renewed for similar successive periods of five years under mutually agreed terms and conditions, unless terminated by giving three months’ written notice by any of the parties to the agreement.

In case of breach of any terms of the said agreement by us and the failure to rectify the same within one month, from the date of notice in writing by the Foundation pointing out the breach the Foundation has the right to terminate the said agreement forthwith. Upon termination we are required to forthwith discontinue any use whatsoever of the said Trademark or any deceptively similar mark in relation to any goods, services or business.

3) Agreement dated 28th June 2000 for use of “Thermex® ” Technology patented by M/s Henningsdorfer Stahl Engineering (HSE) GmbH, Germany for production of the goods.

We have entered into this agreement with H&K Rolling Mill Engineers Private Limited (H&K) for use of “Thermex®” Technology patented by M/s Henningsdorfer Stahl Engineering (HSE) GmbH, Germany for production of the goods.

As per the said agreement H&K agreed to provide us the Licence rights to use the patented Thermex® Technology of HSE Germany for the manufacture of High Strength Steel rebars as per the THERMEX System and to meet the specifications for grades Fe 415 and Fe 500 as laid down in IS 1786:1985.

H&K India also agreed to provide us all detailed engineering documents and technical information in a completed form as per the purchase order furnished by us.

We have been granted a perpetual exclusive right to produce steel rebars in the Territory (“Territory” has been defined under the said agreement to include the entire states of Delhi, U.P., Haryana, Rajasthan, Punjab, Himachal Pradesh, Jammu & Kashmir, Union Territory of Chandigarh and areas in the state of Madhya Pradesh. State falling above the latitude known as the ‘Tropic of Cancer’ and parts thereof that may be de-alienated subsequently) as per the “Thermex®” System in accordance with the technical know-how furnished by H&K. Further similar perpetual rights have been granted only to i) Rathi Super Steel Ltd. and ii) Rathi Udyog Limited for the Territory. We are required to ensure that the products confirms to the standard set by H&K. If we market products inferior to the H&K standards, our licence is liable to be terminated.

We have paid the Proprietor, for the first four years commencing from 1st January 2002, a royalty of a gross amount of Rupees ten per tonne of “Goods” produced by the “Thermex®” system. The minimum tonnage to be considered for payment of royalty as agreed was 3300 tonnes/month for the First year, 5000 tonnes/month for the second year and 6600 tonnes/month for the third and fourth year, where each of the years shall be reckoned from January 1, 2002. After the first four years, royalty payable by us to the Proprietor on perpetual basis at the rate of a gross amount of Rupees five per tonne and the minimum tonnage to be considered shall be 6600 tonnes / month.

The agreement is valid till the time we are manufacturing the rebars using the “Thermex®” Licensed Technology and the Trademark “Thermex®” or “TMX”.

This agreement can be terminated by either party upon a breach by the other party, which is not rectified within 60 days of written notice received by the defaulting party.

If the breach is committed by H&K by giving a similar licence to a fourth party or more in the territory, for the use of the Trademark or the “Thermex®” technology, H&K shall compensate the client with damages amounting to Rupees Twenty Five Million within six months of the breach and without recourse to an arbitration proceeding.

4) Agreement dated 25th February 2003 for use of “Thermex®” trademark

We have entered into this agreement with H&K Rolling Mill Engineers Private Limited (the “Proprietor”) for use of “Thermex®” Trademark. The Proprietor is an Indian company incorporated under the Companies Act, 1956 and is the owner of the Trademark “Thermex®” under the provisions of the trade and Merchandise Marks Act, 1958 vide registration no. 449506 B, Class 6.

The Proprietor has granted us the licence and right to use the said trademark “Thermex®” by the use of his know-how and equipment for production of thermo processed reinforcement steel bars with chemical and physical properties set out in the schedule to the said agreement (hereinafter called ‘Goods’). We manufacture the said goods as per the said know-how and equipments, pursuant to an agreement dated June 28, 2000 for grant of Licence rights to use “Thermex®” Technology for production of the Goods manufactured in the specified territory (hereinafter “Territory”).

This agreement permits usage of the trademark “Thermex®” in perpetuity (until the Licence is terminated) on and in relation to the specified Goods manufactured by us, in the Territory, by use of the Proprietor’s know-how.

The proprietor has undertaken that besides us, Rathi Udyog Limited and Rathi Super Steels Limited and their respective groups, it shall not grant any rights or Licence to any other party to manufacture the goods with the “Thermex®” Trademark in the Territory.

We are required in terms of the agreement to indicate on the specified Goods or its packing that we use the said Trademark under a Licence from the Proprietor.

We have paid the Proprietor, for the first four years commencing from 1st January 2002, a royalty of a gross amount of Rupees Ten per tonne of 'Goods' produced by the "Thermex®" system. The minimum tonnage to be considered for payment of royalty as agreed was 3300 tonnes/month for the First year, 5000 tonnes/month for the second year and 6600 tonnes/month for the third and fourth year, where each of the years shall be reckoned from January 1, 2002. After the first four years, royalty payable by us to the Proprietor on perpetual basis at the rate of a gross amount of Rupees Five per tonne and the minimum tonnage to be considered shall be 6600 tonnes / month.

We shall not have the right to acquire the Trademark for any consideration whatsoever during the subsistence of this agreement.

The said agreement shall automatically terminate if and when the Proprietor ceases to hold control over standards and quality of the Goods produced by us bearing the Trademark, or when the relationship between the Proprietor and us ceases.

Except as stated otherwise in this Prospectus and the agreements, which have been entered in regular course of business, there are no other agreements, which are subsisting as on date of filing this Prospectus.

Strategic Partners

Presently, our Company does not have any strategic partners.

Financial Partners

Presently, our Company does not have any financial partners.

OUR MANAGEMENT

Board of Directors

Pursuant to the Company's Articles of Association, the number of Directors of the Company cannot be less than three and not more than twelve. The Company is currently managed by a Board of Directors comprising of six Directors. Mr. Kamlesh Kumar Rathi is currently the Company's Managing Director and in-charge of the overall management of the Company subject to the supervision and control of the Board. He is ably supported by professionally and technically qualified team of executives specified in operations, finance, marketing, Legal and Personnel.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Prospectus.

Name, Designation and Occupation	Age	Address	Other Directorships and Nature of Interest
Mr. Kamlesh Kumar Rathi S/o Late Shri Gordhan Das Rathi Chairman and Managing Director Business	67 yrs	6, Sadhna Enclave, New Delhi - 110017	M/s Rathi Krishi Farm Pvt. Ltd. - Director M/s Rathi Oxygen Ltd. - Director M/s Rathi Breweries Ltd. - Director M/s Anupam Cofab Ltd. - Director M/s Rathi Special Steels Ltd. - Director M/s Rathi Iron Ltd. - Director
Mr. Anupam Rathi S/o Mr. Kamlesh Kumar Rathi Whole Time Director Business	39 yrs	6, Sadhna Enclave, New Delhi - 110017	M/s Rathi Cereals Pvt. Ltd. - Director M/s Rathi Krishi Farm Pvt. Ltd. - Director M/s Rathi Oxygen Ltd. - Director M/s Rathi Breweries Ltd. - Director M/s Anupam Cofab Ltd. - Director M/s Rathi Special Steels Ltd. - Director M/s Rathi Iron Ltd. - Director M/s Gordhan Das Rathi Steels Ltd. - Director
Mr. Anurag Rathi S/o Mr. Kamlesh Kumar Rathi Whole Time Director Business	35 yrs	6, Sadhna Enclave, New Delhi - 110017	M/s Rathi Cereals Pvt. Ltd. - Director M/s Rathi Oxygen Ltd. - Director M/s Rathi Breweries Ltd. - Director M/s Anupam Cofab Ltd. - Director M/s Rathi Special Steels Ltd. - Director M/s Rathi Iron Ltd. - Director M/s Gordhan Das Rathi Steels Ltd. - Director
Mr. Harkishore Kejriwal S/o Mr. Ram Kumar Kejriwal Non Executive Independent Director Business	81 yrs	Parijat Apartments, 45, Fair Field Lay Out, Race Course Road, Bangalore - 560001	M/s Speciality Textiles & Exports Pvt. Ltd. - Director M/s Granites & Minerals Pvt. Ltd. - Director M/s Birla Global InfoTech Pvt. Ltd. - Director M/s Birla Vision.Com Pvt. Ltd. - Director M/s J.L. Morison (India) Ltd. - Director
Mr. Binod Kumar Maheswari S/o Late Mr. Pannalal Maheswari Non Executive Independent Director Business	56 yrs	89, Southern Avenue, Kolkata - 700029	M/s Creative Polypack Ltd. - Managing Director M/s Aparna Paper Processing Industry Pvt. Ltd. - Managing Director M/s Creative Products Pvt. Ltd. - Managing Director M/s Vibgyor Printing & Packaging Pvt. Ltd - Managing Director
Mr. Ashok Kumar Garg S/o Mr. Jugal Kishore Garg Non Executive Independent Director Business	57 yrs	10 / 505, Allen Ganj, Radha Kutti, Kanpur - 1	M/s ACI Oils Pvt. Ltd. - Director M/s Shree Cold Storage Pvt. Ltd. - Director M/s Jaswant Nagar Cold Storage Pvt. Ltd. - Director M/s Hemkunt Packagers Pvt. Ltd. - Director M/s Gaurang Construction Pvt. Ltd. - Director M/s Sun Shoe Last Pvt. Ltd. - Director

Brief Biography of Our Directors

Mr. Kamlesh Kumar Rathi, aged 66 years, is a graduate and among the pioneers to introduce specialty steel in India in 1960's. He is in-charge of the general administration of the organization. Under his capable guidance and direction, the Company has undertaken several modernisation and diversification programs successfully and economically and has grown by leaps and bounds.

Mr. Anupam Rathi, aged 39 years, is an Engineering graduate having a practical experience of 18 years in the industry. He has been associated with the steel industry since a very early age. He is in-charge of the finance, inventory and sales departments of the Company.

Mr. Anurag Rathi, aged 35 years, is a graduate. He familiarized the steel manufacturing process by involving himself in the production process of Steel Bars. He is in-charge of the production, technical and stores purchase departments of the Company.

Mr. Harkishore Kejriwal, aged around 81 years is a businessman who started his career as a Stock-Broker and then ventured into various businesses like Textiles, Mining etc. He is actively associated with Karnataka Chitrakala Parishad, Bangalore since its inception. He founded the HK Kejriwal Foundation in the year 1970. This foundation gives grants to various institutions associated with art, education, medicine and welfare of underprivileged children.

Mr. Binod Kumar Maheswari, aged around 56 years is a graduate having over 30 years of experience in the packaging Industry. After graduation in 1970, he started steel trading business and in 1976 he switched over to manufacturing of Flexible Packaging as a Small Scale Industry unit, in Kolkata. Thereafter, he expanded his business by setting up the plants in Pondicherry, Kanpur and Baddi (Himachal Pradesh).

Mr. Ashok Kumar Garg, aged 57 years is a Commerce Graduate having over 30 years of experience as a businessman. He is actively associated with various companies in the field of oil, cold storage and leather goods.

Details of Borrowing Powers

Vide Ordinary Resolution passed at the Extra Ordinary General Meeting of the Company held on 11th day of April 1994, under section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company was duly authorised and empowered to borrow, from time to time, all such sums of money as they may deem requisite or proper for the purpose of the business of the Company, notwithstanding that the money to be borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up share capital and free reserves (the reserves not set apart for any specific purpose) of the Company but so however that the total amount up to which the money may be borrowed by the Board of Directors and outstanding shall not exceed the sum of 7 (Seven) Crores (exclusive of interest and other charges).

Compensation of Managing and Whole Time Directors

1. Mr. Kamlesh Kumar Rathi - Chairman and Managing Director

Mr. Kamlesh Kumar Rathi was re-appointed as the Managing Director of our Company from October 1, 2004 for a term of five years ending on September 30, 2009, by the shareholders of the Company in their meeting held on November 30, 2004.

The details of Mr. Kamlesh Kumar Rathi's remuneration during the period April 1, 2006, to March 31, 2007, is as below:

Period	Remuneration p.m. (In Rs.)	Total Amount (In Rs.)
From April 2006 to November 2006	100000	800000
From December 2006 to March 2007	175000	700000
TOTAL		1500000

2. Mr. Anupam Rathi - Whole Time Director

Mr. Anupam Rathi was re-appointed as the Whole Time Director of our Company from October 1, 2004 for a term of five years ending on September 30, 2009, by the shareholders of the Company in their meeting held on November 30, 2004.

Period	Remuneration p.m. (In Rs.)	Total Amount (In Rs.)
From April 2006 to November 2006	90000	720000
From December 2006 to March 2007	125000	500000
Total		1220000

3. Mr. Anurag Rathi - Whole Time Director

Mr. Anurag Rathi was re-appointed as the Whole Time Director of our Company from October 1, 2004 for a term of five years ending on September 30, 2009, by the shareholders of the Company in their meeting held on November 30, 2004.

Period	Remuneration p.m. (In Rs.)	Total Amount (In Rs.)
From April 2006 to November 2006	90000	720000
From December 2006 to March 2007	125000	500000
Total		1220000

The Remuneration of the aforementioned Directors was increased vide ordinary resolution passed in the EGM held on 25.11.2006.

DETAILS OF ANY BENEFITS OR COMPENSATION TO BE PROVIDED AFTER THE TERMINATION OF EMPLOYMENT

We do not provide any benefit or compensation to the Directors after their termination of employment.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Requirements

We have a broad based Board of Directors, constituted in compliance with the provisions of the Companies Act and Listing Agreements of the Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Executive Management provides the board detailed reports on its performance periodically.

The provisions of the Listing Agreement to be entered with the Stock Exchanges with respect to Corporate Governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in Compliance with the Corporate Governance Code in accordance to Clause 49 (as applicable) of the Listing Agreement to be entered into with the Stock Exchanges prior to listing.

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

The following three committees have been formed for the purpose of meeting the requirements of the Listing Agreement.

- **Audit Committee**
- **Shareholders/Investors Grievance Committee**
- **Remuneration Committee**

The constitution and other details of the aforementioned committees are as follows:

Audit Committee

The Audit Committee was constituted vide resolution passed by the Board of Directors at its meeting held on 11th January 2007. The purpose of Audit Committee is to ensure the objectivity, credibility and correctness of our Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

The terms of reference of Audit Committee are in consonance with the requirements of Clause 49 of the listing agreement, which will be entered into with the Stock Exchange in due course. The committee consists of all non - executive as well as Independent Directors.

Composition:

Sr. No	Name of the Director	Designation in the Committee	Nature of Directorship
1.	Mr. Ashok Kumar Garg	Chairman	Independent Director
2.	Mr. Harkishore Kejriwal	Member	Independent Director
3.	Mr. Kamlesh Kumar Rathi	Member	Executive Director

Mr. Gaurav Kapoor, Company Secretary is the Secretary of the Committee.

POWERS OF AUDIT COMMITTEE

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

ROLE OF AUDIT COMMITTEE

The role of the audit committee shall 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.

REVIEW OF INFORMATION BY AUDIT COMMITTEE:

The Audit Committee shall mandatorily review the following information:

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

Shareholders / Investors Grievance Committee

The Investors Grievance Committee was constituted vide resolution passed by the Board of Directors at its meeting held on **11th January 2007**. The Shareholders / Investors Grievances Committee shall perform inter alia the role / various functions as are set out in Clause 49 of the Listing Agreement with Stock Exchanges and including but not limited to -

- a) Issue of duplicate certificates;
- b) Review all matters connected with the transfer and all other processes relating to the securities of the Company;
- c) Redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.; and
- d) Review the performance of Registrar and Transfer Agents, namely M/s MAS Services Limited.

Composition of the Shareholders / Investors Grievance Committee:

Sr. No	Name of the Director	Designation in the Committee	Nature of Directorship
1.	Mr. Harkishore Kejriwal	Chairman	Independent Director
2.	Mr. Anupam Rathi	Member	Executive Director
3.	Mr. Anurag Rathi	Member	Executive Director

Mr. Gaurav Kapoor, Company Secretary is the Secretary of the Committee.

Remuneration Committee

The Remuneration Committee was constituted vide resolution passed by the Board of Directors at its meeting held on **11th January 2007**. The committee’s goal is to determine on behalf of the Board and on behalf of the Shareholders with agreed terms of reference, the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

Composition of Remuneration Committee:

Sr. No	Name of the Director	Designation in the Committee	Nature of Directorship
1.	Mr. Binod Kumar Maheswari	Chairman	Independent Director
2.	Mr. Harkishore Kejriwal	Member	Independent Director
3.	Mr. Ashok Kumar Garg	Member	Independent Director

Mr. Gaurav Kapoor, Company Secretary is the Secretary of the Committee.

Shareholding of the Directors in our Company

Sr. No.	Name of Directors	No. of Equity Shares	% Holding in existing Share Capital
1.	Mr. Kamlesh Kumar Rathi	210175	2.29
2.	Mr. Anupam Rathi	210175	2.29
3.	Mr. Anurag Rathi	1012104	11.02
4.	Mr. Harkishore Kejriwal	Nil	Nil
5.	Mr. Binod Kumar Maheswari	Nil	Nil
6.	Mr. Ashok Kumar Garg	Nil	Nil

Interest of Directors

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles.

The Directors may also be deemed to be interested to the extent of:

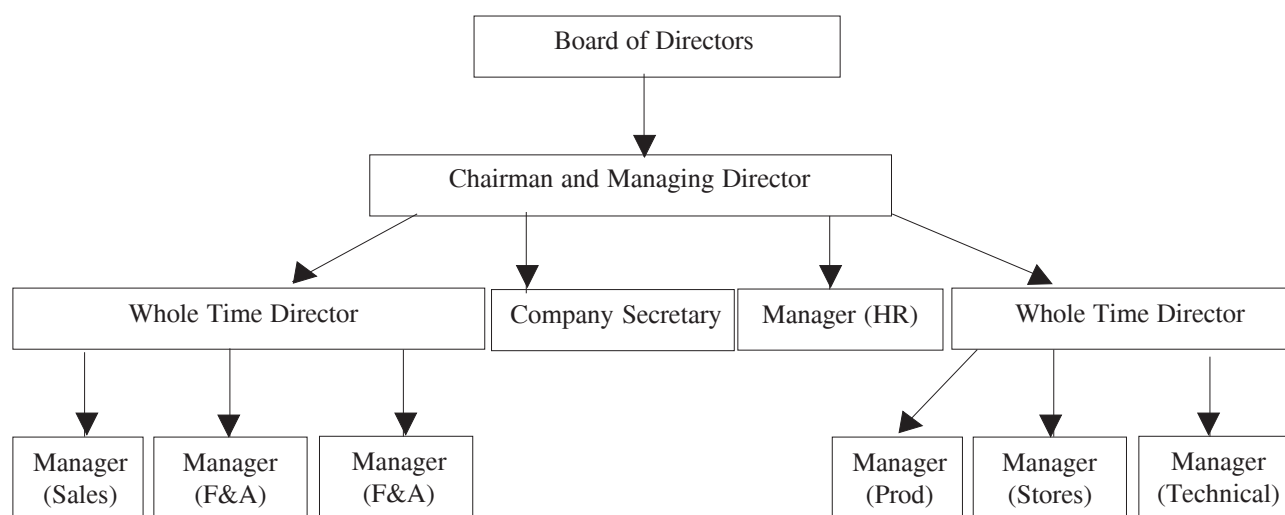
- The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/Member respectively.
- The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors/Members of to firms in which they are partners.
- Transactions, if any, with entities in which directors are interested have been disclosed as related party transactions in the Auditors Report on page no 85 of this Prospectus.

Except as stated above and elsewhere in this Prospectus, the Company has not entered into any contracts, agreements or arrangement in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangement or are proposed to be made.

Change in our Board of Directors during the Last Three years and reason thereof

Sr. No.	Name of Directors	Date of Appointment	Date of Cessation	Reason for change
1.	Mr. Harkishore Kejriwal	10.01.2007	-	Appointment
2.	Mr. Binod Kumar Maheswari	10.01.2007	-	Appointment
3.	Mr. Ashok Kumar Garg	10.01.2007	-	Appointment

ORGANISATION CHART



KEY MANAGERIAL PERSONNEL

S.No.	Name	Designation	Age	Qualification	Date Of Joining	Exp (Yr)	Previously Employed with
1.	Mr. P.C. Agrawal	Manager (Finance)	59	B.Com	01.08.96	30	M/s G.D. Rathi Steels Ltd.
2.	Mr. S.S. Yadav	General Manager (Plant)	41	B.A.	01.08.96	22	M/s C.V. Steels Ltd
3.	Mr. S.K. Lakhotia	Manager (Commercial)	46	B.Com	01.08.96	23	M/s Toto Bables India Ltd.
4.	Mr. K Poddar	Manager (HR)	42	B.Com	01.03.06	18	M/s G.D. Rathi Steels Ltd.
5.	Mr. I.H. Khan	Manager (Production)	48	Diploma Mechanical Engineering	01.08.96	26	M/s Gautam Rolling Mill
6.	Mr. B.L. Sharma	Civil Engineer	42	Diploma in Civil Engineering	01.08.96	24	Vishwa Adhyatmic Sangh Co-operative house Building Society
7.	Mr. S.K. Kapoor	Electrical Engineer	54	Diploma in Electrical Engineering	01.12.00	31	M/s Lath Steel Pvt. Ltd.
8.	Mr. Raj Kumar Sharma	Manager (Quality Control)	37	M.Sc	01.03.04	18	M/s G.D. Rathi Steels Ltd.
9.	Mr. Arun Singhal	Manager (Excise & Taxation)	45	M.Com	01.07.06	22	M/s C.V. Steels Ltd
10.	Mr. Jagdish Kumar Chugh	Senior Finance Executive	38	B.Com	01.03.03	16	M/s Nova Steels (India) Ltd.
11.	Mr. Gaurav Kapoor	Company Secretary & Compliance Officer	30	M.com, A.C.S. LL.B	15.09.06	4	M/s Chartered Capital & Investment Ltd.
12.	Mr. Mukesh Sharma	Manager (Marketing)	38	M.Sc, MBA	01.03.03	12	M/s Diamond Regina Ceramic Ltd.
13.	Mr. Arvind Guliani	Manager (Marketing)	31	Diploma in Management	01.06.06	10	-

The brief profiles of Company's Key Managerial Personnel are as under:

Mr. P.C. Agrawal, Manager Finance aged around 59 years is associated with our Company since 1996 and a wide experience in the field of Finance, Accounts and Sales Tax matters.

Mr. S.S. Yadav, General Manager-Plant, aged around 41 years is associated with our Company since its 1996 and is in charge of the overall working of the plant.

Mr. S.K. Lakhotia, Manager-Commercial, aged 46 years, has a vast experience in the relevant field and handles the commercial aspects of the Company.

Mr. K Poddar, Manager-HR, aged around 42 years, handles the Human Resource Management of the company and all the related matters pertaining thereto.

Mr. I.H. Khan, Manager Production, aged around 48 years, hold a Diploma in Mechanical Engineering, is associated with the Company since the commercial production of the Company got underway. He heads the Production department of the Company.

Mr. B.L. Sharma, is a Civil Engineer by profession and is associated with the Company since the commercial production of the Company got underway and is experienced in the relevant field.

Mr. S.K. Kapoor, Electrical Engineer by profession, aged around 54 years has an experience of around 31 years in the relevant field.

Mr. Raj Kumar Sharma, Manager-Quality Control is a postgraduate in the field of science. He has about 18 years of experience in the relevant field. Presently he looks after all the Quality Control related aspects in the Company.

Mr. Arun Singhal, Manager Excise & Taxation, is a post graduate in Commerce and has an experience of 22 years.

Mr. Jagdish Kumar Chugh, Senior Finance Executive, aged 38 years, is a Commerce Graduate and has an experience of 16 years in the field of Accounts & Finance.

Mr. Gaurav Kapoor, Company Secretary, aged 29 years is an Associate Member of the Institute of the Company Secretaries of India, and also is a Law graduate. He is also the Compliance officer of the Company.

Mr. Mukesh Sharma, Manager Marketing, aged around 38 years has an experience of around 12 years in the field of Marketing. He is handling the direct marketing activities of the Company.

Mr. Arvind Guliani, aged around 31 years is handling the direct marketing and liaison activities of the Company as a part of the Direct marketing team.

Notes

- All Key Managerial Personnel are permanent employees of our Company.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- The Company has not offered any profit sharing plan to its Key Managerial Personnel.
- The Company hereby declares that none of the Key Managerial Personnel as described in this Prospectus are not related to the Promoters of Rathi Bars Limited in terms of Section 6 of the Companies Act, 1956 read with Schedule IA to the Act.
- The Company does not propose to hire any additional regular employees for the proposed project. The requirement will be met by contract labour which is readily available.

Shareholding of the Key Managerial Personnel

Our Key Managerial Personnel do not hold any shares in the Company.

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Prospectus in which the key managerial are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in the Key Managerial Personnel

Following are the changes in our key managerial personnel during the past one year.

Sr. No	Name	Date of appointment	Date of Leaving	Reason
1	Mr. K Poddar	01.03.06	-	Appointed
2	Mr. Arun Singhal	01.07.06	-	Appointed
3	Mr. Arvind Guliani	01.06.06	-	Appointed
4	Mr. Gaurav Kapoor	15.09.06	-	Appointed
5	Mr. Manoj M. Jha	02.06.99	27.06.07	Resigned

Employees Stock Option Scheme/Employee Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

Payment or Benefit to the Officers of the Issuer 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 offices except the normal remuneration for services rendered as directors, officers or employees.

OUR PROMOTERS

Mr. Kamlesh Kumar Rathi



Mr. K.K. Rathi: Aged around 66 years, he graduated from Delhi University in 1961 and thereafter associated himself with the family business, M/s Rathi Steel Rolling Mill, Delhi. There, he looked after forging and casting work till 1966. This firm was involved in multiple activities related to the steel business viz. rolling, fabrication, casting etc. He was initially associated at the grass root level to get a complete understanding of the various processes involved in the business like Rolling, Fabrication, Forging etc. During 1966-67, he was also in-charge of one of the family's rolling mills at Gurgaon, Haryana.

During the year 1970, he shifted to Delhi and along with his brothers established an Electric Ore furnace unit in Ghaziabad, Uttar Pradesh in the name of Rathi Ispat Ltd. Thereafter, they established another unit by the name of Rathi Udyog Ltd., a rolling mill, at Ghaziabad, Uttar Pradesh during 1973-75.

A family partition of Rathi Steel Rolling mills took place in 1972 and Gordhan Das Rathi Steels Ltd. came into existence. He was associated with this Company also till 1996 as a Director of the Company.

In the year 1993, along with his two sons Anupam and Anurag, he promoted Rathi Bars Limited. The Company rolled out its first finished product in the year 1996. Since then, he is devoting his full time to the general administration of the Company and has contributed in taking the Company from strength to strength.

PAN	AFFPR5799K
Passport Number	E5522649
Bank A/c Number	2222, Canara Bank, Malviya Nagar, New Delhi - 110017
Driving Licence No.	He was in possession of a valid driving licence, which has since expired. As of date he does not possess one.
Voter's Identity Number	DL/02/008/213263

The aforesaid details of the promoter have been submitted to BSE Ltd.

Mr. Anupam Rathi



Anupam Rathi: Aged around 39 years, he completed his Bachelor's in Civil Engineering in 1989. Thereafter, he associated himself with M/s G.D. Rathi Steels till 1996. Since the year 1996 when the commercial production of M/s Rathi Bars Limited started, he is in-charge of the operations of the Factory of the Company and looks after the finance, inventory and sales departments of the Company.

PAN	AEAPR6433A
Passport Number	B0793251
Bank A/c Number	2242, Canara Bank, Malviya Nagar, New Delhi - 110017
Driving Licence Number	98507799
Voter's Identity Number	DL/02/008/213407

The aforesaid details of the promoter have been submitted to BSE Ltd.

Mr. Anurag Rathi



Anurag Rathi: Aged around 36 years, he completed his graduation in the year 1992. Thereafter, he involved himself in the production process of Steel Bars since the year 1993, when Rathi Bars Limited was incorporated. Since the commercial production of Rathi Bars Limited got underway during the year 1996, he also looks after the operations of the factory along with his elder brother, Anupam. He is looking after of the production, technical and stores purchase departments of the Company.

PAN	AEAPR6348Q
Passport Number	B0859207
Bank A/c Number	2241, Canara Bank, Malviya Nagar, New Delhi - 110017
Driving Licence No.	P03051999131406
Voter's Identity Number	DL/02/008/213266

The aforesaid details of the promoter have been submitted to BSE Ltd.

Mrs. Pushpa Rathi



Mrs. Pushpa Rathi, W/o Mr. Kamlesh Kumar Rathi, aged 62 years, R/o 6, Sadhna Enclave, New Delhi - 110 017, is actively engaged in social activity. She is working closely with different social clubs to help the members of weaker sections of the society.

PAN	AAKPR1538A
Passport Number	B0794304
Bank A/c Number	CA 2240, Canara Bank, Malviya Nagar, New Delhi - 110017
Driving Licence No.	As of date she does not possess a valid driving licence.
Voter's Identity Number	DL/02/008/213265

The aforesaid details of the promoter have been submitted to BSE Ltd.

Mrs. Parnika Rathi



Mrs. Parnika Rathi, W/o Mr. Anupam Rathi, aged 37 years, R/o 6, Sadhna Enclave, New Delhi - 110 017, is a graduate.

PAN	AAMPR2775B
Passport Number	A8482306
Bank A/c Number	CA 2239, Canara Bank, Malviya Nagar, New Delhi - 110017
Driving Licence No.	2321/87
Voter's Identity Number	DL/02/008/213408

The aforesaid details of the promoter have been submitted to BSE Ltd.

Mrs. Nandita Rathi



Mrs. Nandita Rathi, W/o Mr. Anurag Rathi, aged 34 years, R/o 6, Sadhna Enclave, New Delhi - 110 017, is a graduate.

PAN	AEAPR3030H
Passport Number	B5078674
Bank A/c Number	CA 2258, Canara Bank, Malviya Nagar, New Delhi - 110017
Voter's Identity Number	DL/02/008/213264
Driving Licence Number	P03022007524060

The aforesaid details of the promoter have been submitted to BSE Ltd.

Anupam Rathi HUF

Mr. Anupam Rathi is the Karta and Mrs. Parnika Rathi (Wife), Uddhav Rathi (Son) and Manvi Rathi (Daughter) are the Coparceners of Anupam Rathi HUF.

PAN	AADHA4221J
Bank A/c Number	CA 2502, Canara Bank, Malviya Nagar, New Delhi - 110017

The aforesaid details of the promoter have been submitted to BSE Ltd.

Anurag Rathi HUF

Mr. Anurag Rathi is the Karta and Mrs. Nandita Rathi (Wife), Devanshi Rathi (Daughter) and Advika Rathi (Daughter) are the Coparceners of Anurag Rathi HUF.

PAN	AADHA4217J
Bank A/c Number	CA 2524, Canara Bank, Malviya Nagar, New Delhi - 110017

The aforesaid details of the promoter have been submitted to BSE Ltd.

COMMON PURSUITS

Rathi Special Steels Limited (RSSL): This Company belongs to the same group as RBL (K.K. Rathi Group) is also in the same line of business of manufacturing Steel Bars. Its plant is also based in Khuskhera.

All of our promoters with the exception of Mrs. Parnika Rathi and Mrs. Nandita Rathi are members of RSSL.

Interest of Promoters

Except as stated in the Related Party Transaction on page 85 of this Prospectus, the Promoter of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits and their shareholding in the Company, if any.

Payment or Benefit to Promoter of our Company

Except as stated in the Prospectus, no amount or benefit has been paid or given or its intended to be paid or given to any of our promoters except the normal remuneration for services rendered as Directors and reimbursement of expenses.

Related Party Transactions

For details on related party transactions, please refer to the section titled “Financial Information” (page 85 of this Prospectus).

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 lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Prospectus are to the legal currency of India and all references to “USD” / \$ are to the legal currency of the United States of America.

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

DIVIDEND POLICY

It is the objective of the Company to optimise shareholder returns. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders at their discretion and will depend on a number of factors, including but not limited to our results of operations, cash flows, business requirements, capital expenditures and overall financial condition.

We were incorporated on the 10th Day of August, 1993 and have neither declared nor paid any dividends on Equity Shares since inception.

Our dividend policy in the past is not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

FINANCIAL INFORMATION

Auditors Report

The Board of Directors

Rathi Bars Limited

A-24/7, Mohan Co-operative Industrial Estate

Mathura Road

New Delhi-110044

We have examined the Audited Accounts of M/s **Rathi Bars Limited** for the past five financial years ended on March 31, 2003, 2004, 2005, 2006, 2007 & Upto six months ending June 2007. 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 requirement of part II of Schedule II to the Companies Act, 1956.

In accordance with the requirement of Paragraph b (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), and 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 year ended March 31, 2003, 2004, 2005, 2006, 2007 & upto June-2007 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 Accounts appearing in Annexure III and IV respectively to this report.
- b. The restated Assets & Liabilities of the Company as at March 31 2003, 2004, 2005, 2006, 2007 & upto June-2007 are as set out in Annexure II to this report after making such adjustment 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 as 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, 2003, 2004, 2005, 2006, 2007 & upto June-2007 are as shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
 1. Performance Ratios as appearing in Annexure VII to this report
 2. Capitalization Statement as 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 & Advances 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 transaction with related parties as appearing in Annexure XV to this report.
 10. Details of aggregate value and market value of investment as appearing in Annexure XVI to this report.
 11. Details of Expenditure Incurred on the project as appearing in Annexure XVII to this report.

In our opinion the above financial information of the company read with Significant Accounting Policies and Notes on Accounts attached in Annexure III & IV respectively to this report, after making adjustment 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 Offers 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 A.K. Vaish & Co.

Chartered Accountants

(A.K.VAISH)

Proprietor

(Membership No. 71088)

Date: September 18, 2007

Annexure-I**Statement of Profit & Loss Account**

(Rs. in lacs)

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
INCOME						
SALES	7,148.00	9,944.30	13,685.71	16,141.01	19,124.48	5,570.67
Other Income/ Job Work	53.62	16.38	21.66	365.78	169.83	2.38
Increase/(Decrease) in Stock	57.27	149.78	2.20	(238.96)	148.60	142.17
Total	7,258.90	10,110.46	13,709.57	16,267.82	19,442.90	5,715.21
EXPENDITURE						
Raw Material Consumed & Purchase	5,436.09	7,801.41	10,976.39	11,721.53	13,546.71	3,887.88
Manufacturing Expenses	1,390.68	1,760.22	2,065.72	3,260.22	4,516.15	1,445.49
Payment and provision for employees	20.44	30.29	35.82	37.05	50.64	14.98
Administration & Other Expenses	125.74	126.86	198.74	353.22	258.63	59.23
Miscellaneous Expenses written off	1.02	1.01	1.11	1.11	1.11	0.28
Total	6,973.97	9,719.79	13,277.78	15,373.14	18,373.23	5,407.86
Profit before Interest, Depreciation and Tax	284.92	390.68	431.80	894.69	1,069.67	307.36
Depreciation	68.77	79.89	105.68	158.16	193.37	41.69
Profit before Interest and Tax	216.16	310.79	326.12	736.52	876.30	265.67
Interest & Finance Charges	47.48	61.78	85.96	123.14	98.89	29.93
Loss on sale of Investment/Assets	1.18	0.00	0.20	1.38	0.02	0.00
Net Profit Before Tax	167.49	249.01	239.95	612.00	777.40	235.74
Less:- Provision for Income Tax for current year	0.00	0.00	3.59	19.27	24.15	43.29
Less:- Fringe Benefit Tax	0.00	0.00	0.00	2.69	3.07	0.30
Less:- IncomeTax For Earlier Years						
Less:- Provision for Deferred tax liabilities for the year	(2.00)	0.38	8.29	17.86	147.20	(0.17)
Less:- Provision for Gratuity up to 2001						
Profit after Tax	169.49	248.63	228.06	572.17	602.98	192.33
Add:- Balance b/f from last year	264.69	434.18	682.81	910.87	1,483.04	2,086.03
Less:- Provision for Deferred tax liabilities for previous year						
Balance Carried to Balance Sheet	434.18	682.81	910.87	1,483.04	2,086.03	2,278.36
Net Profit as Restated	169.49	248.63	228.06	572.17	602.98	192.33
Profit and Loss Balance at the beginning of the year	264.69	434.18	682.81	910.87	1,483.04	2,086.03
Balance Carried to Balance Sheet	434.18	682.81	910.87	1,483.04	2,086.03	2,278.36

Annexure - II**Statement of Assets and Liabilities**

PARTICULARS		AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
A	FIXED ASSETS						
	Gross Block	940.10	1,355.36	2,143.69	2,445.27	2,485.94	2,486.43
	Less: Depreciation	377.97	450.89	544.01	678.50	863.27	904.96
	Net Block	562.13	904.46	1,599.68	1,766.78	1,622.67	1,581.47
	Less : Revaluation Reserve						
	Net Block after adjustment for Revaluation Reserve	562.13	904.46	1,599.68	1,766.78	1,622.67	1,581.47
	Capital Work in Progress	201.98	32.99	75.61	104.15	182.67	323.39
	Total Fixed Assets (A)	764.11	937.45	1,675.30	1,870.92	1,805.34	1,904.86
B	INVESTMENTS (B)	0.31	0.62	216.63	94.05	307.33	257.33
C	DEFERRED TAX ASSETS (NET)	27.59	27.21	18.91	1.05	(146.15)	(145.98)
D	CURRENT ASSETS, LOANS AND ADVANCES						
	Inventories	535.62	714.45	983.10	788.89	758.41	1,222.39
	Sundry Debtors	381.53	469.81	561.83	1,040.07	1,556.80	1,690.68
	Cash and bank Balance	47.02	294.38	133.26	252.26	55.43	84.36
	Loans and Advances	363.65	461.35	483.68	645.07	932.62	1,187.78
	Total (C)	1,327.82	1,939.99	2,161.87	2,726.30	3,303.26	4,185.21
E	LIABILITIES AND PROVISIONS						
	Secured Loans	244.98	715.90	1,278.45	1,133.83	955.71	1,227.21
	Unsecured Loans	311.34	355.11	359.38	421.61	486.59	486.59
	Current Liabilities & Provisions	744.80	765.91	962.86	1,091.57	1,195.59	1,667.00
	Deferred Tax liability						
	Total (D)	1,301.11	1,836.92	2,600.68	2,647.01	2,637.89	3,380.80
F	NET WORTH (A+B+C+D-E)	818.71	1,068.35	1,472.03	2,045.31	2,631.88	2,820.62
G	REPRESENTED BY:						
	Share Capital	350.00	350.00	525.00	525.00	918.75	918.75
	Share Application Money						
	Total Reserves and Surplus	474.77	723.40	951.46	1,523.63	1,732.87	1,925.20
	Less Revaluation Reserves						
	Net Reserve and Surplus	474.77	723.40	951.46	1,523.63	1,732.87	1,925.20
	Miscellaneous Expenditure	6.06	5.05	4.43	3.32	19.74	23.33
	NET WORTH	818.71	1,068.35	1,472.03	2,045.31	2,631.88	2,820.62

Note: Sundry Debtors have increased in the year 2007 to Rs. 1556.80 lacs from Rs. 1040.07 lacs in 2006 on account of increase in sales and more liberal payment terms being offered to the clients to boost the turnover.

Annexure - III**Significant Accounting Policies**

The significant accounting policies followed by the Company are as stated below:

- a) **System of Accounting:** The Company follows the mercantile system of accounting, recognizing income and expenditure on accrual basis. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not referred to specifically otherwise, are consistent with generally accepted accounting principles in India and the provisions of the Companies Act, 1956.
- b) **Fixed assets and depreciation accounting:**
 - i) Fixed assets are accounted for at cost of acquisition, inclusive of freight, duties, taxes, erection, installation and other incidentals related to acquisition and exclusive of excise CENVAT recoverable on purchase of capital goods.
 - ii) Depreciation on additions/deductions has been provided on day-to-day basis.
 - iii) Depreciation on fixed assets is charged as per written down method except the Induction Furnace, on which depreciation is charged as per straight line method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR-756 (E) dated 16th December, 1993. Rolls purchased are treated as part of plant & machinery and depreciation is calculated at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR-756 (E) dated 16th December, 1993.
- c) Investments are stated at cost.
- d) **Inventories:** Raw Material, Stores and Spare Parts, Oil & Fuel and Stores are valued at cost. Finished goods are valued at cost of production or net realizable value, whichever is less. Scrap is valued at net realizable value.
- e) **Retirement benefits:** No provision has been made for retirement benefit in respect of Gratuity and Leave Encashment and the same will be accounted on cash basis in the year of payment.
- f) **Excise Duty** has been accounted on the basis of payments made in respect of goods cleared from the factory premises and stock lying in the factory premises at the end of the fiscal year and Cenvat benefit is accounted for by reducing the purchase cost of the materials/capital goods.
- f) Sale include excise duty.

ANNEXURE - IV**NOTES ON ACCOUNTS:****1. CONTINGENT LIABILITIES:**

- a. Outstanding Bank Guarantees and Counter Guarantees given by the Company Rs.Nil (Rs.Nil).
- b. Outstanding Letter of Credit Rs.Nil (Rs. Nil).
- c. Amount ascertained in statutory and legal cases:

S.No.	Name of Authority	Probable Liability (Rs. in Lacs)
1.	Excise cases	123.41
2.	Sales Tax cases	621.49
3.	Service Tax case	0.96

- d. Guarantees given to Sales Tax Department on behalf of other body corporate - Rs. Nil (Rs. Nil).

2. Income Tax and Sales Tax Assessments:

- a) Income tax assessments have been completed upto assessment year 2004-2005. Additional liability, if any, in respect of pending assessments, would be provided for on completion of assessments.
- b) Sales tax assessments have been completed upto:
 - i) Delhi Office : 2004-2005 (except 2002-2003)
 - ii) Dharuhera Office : 2002-2003
 - iii) Bhiwadi : 2004-2005

Additional demand, if any, in respect of pending assessment would be known only on completion of the assessment.

3. The deferred tax liability has been provided from 2002-03 onwards. In the absence of full details of earlier years, the additional liability on this account would be accounted for after ascertaining the same.
4. Stores consumed include stores issued for repairs and maintenance.

5. FOREIGN CURRENCY TRANSACTIONS:

Expenditure in Foreign Currency :

- a. Store Purchase (CIF) - Rs. NIL (Rs.Nil).
- b. Foreign Traveling - Directors/Staff - Rs. NIL (Rs.Nil).
- c. Training and Development - Rs.Nil (Rs.Nil).

Earning in Foreign Currency: NIL (NIL).

6. Payment to directors:

- a. Remuneration - As on June 30, 2007 the remuneration is Rs. Rs.12,75,000
- b. Traveling - Rs.Nil (Rs.Nil).

7. Payment to auditors:

- a. Audit Fee - Rs.7,500 (Upto June 2007).
- b. Out of Pocket Expenses - Nil (Upto June 2007).

8. Amount due for repayment within one year on term loans

(1st July-07 to 30th June-08)

S. No:	Particulars	Amount (in Rs.)
1.	RIICO	62,12,800.00
2.	State Bank of Bikaner & Jaipur	1,40,76,000.00

9. a) Sundry debtors, advances & other balances includes inter parties transfers and are subject to confirmation and consequent adjustments. In the opinion of the Board of Directors, the current assets and loans & advances except doubtful in nature would realize at least the amount at which these are stated in the Balance Sheet.
- b) From available information, amount due to SSI units, could not be ascertained separately.

10. Previous year figures have been regrouped or rearranged wherever necessary.

11. Earning Per Share (EPS):

(in Rs.)

Particulars	30.06.2007	31.03.2007
Profit after Tax	1,92,32,756.00	6,02,98,495.00
No. of Equity Shares	91,87,500.00	91,87,500.00
Nominal value of Equity Share	10.00	10.00
Earning Per Share (EPS)	8.36*	6.56

*The EPS for the three month period ending June 30, 2007 has been annualized.

Annexure - V

CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

Particulars	For the year ended					
	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	30.06.2007
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit before tax & interest, as restated	218.15	310.41	317.82	718.66	729.11	265.84
Adjustments for:						
Depreciation	68.77	79.89	105.68	158.16	193.37	41.69
Misc. Exp. written off	1.01	1.01	1.11	1.11	1.11	0.28
Provision for doubtful debts	0.00	0.00	0.00	0.00	0.00	0.00
Assets written off	0.00	0.00	0.00	0.00	0.00	0.00
Loss on sale of investments	0.00	0.00	0.00	0.00	0.00	0.00
Operating profit before working capital changes	287.93	391.31	424.61	877.93	923.58	307.81
Increase / Decrease in Recievables	15.18	(88.28)	(92.02)	(478.24)	(516.73)	(133.88)
Increase / Decrease in Other Current Assets	37.63	(97.98)	16.18	(129.53)	(236.20)	(179.99)
Increase/ decrease in inventories	(70.40)	(178.82)	(268.66)	194.21	30.48	(463.98)
Increase/ Decrease in Current Liabilities and Provisions	(57.19)	21.11	196.95	128.71	104.03	471.41
Cash generated from operations	213.16	47.33	277.06	593.08	305.16	1.37
Direct taxes paid (net of refunds)	0.00	0.00	(3.59)	(21.96)	(27.21)	(43.59)
Net cash from/ used in operating activities	213.16	47.33	273.47	571.12	277.94	(42.22)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Sale/ Purchase of fixed assets and movement in capital work in progress	(216.87)	(253.23)	(843.73)	(355.17)	(127.79)	(141.21)
Increase / Decrease in Other Non-Current Assets	(6.83)	0.34	(246.71)	108.57	(134.94)	(29.21)
Acquisition of shares						
Net cash from/ used in investing activities	(223.71)	(252.88)	(1090.43)	(246.59)	(262.74)	(170.42)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of share capital/debentures	100.00	0.00	175.00	0.00	393.75	0.00
Proceeds from issuance of preference shares						
Proceeds/ Repayment of long-term borrowings	(29.04)	514.70	566.81	(82.37)	(113.15)	271.50
Proceeds/ Repayment of short term borrowings (net)	0.00	0.00	0.00	0.00	0.00	0.00
Dividend paid / Issue of Bonus Shares	0.00	0.00	0.00	0.00	(393.75)	0.00
Interest/ finance charges	(47.48)	(61.78)	(85.96)	(123.14)	(98.89)	(29.93)
Net cash from/ used in financing activities	23.48	452.92	655.85	(205.52)	(212.04)	241.58
Net Surplus/ (Deficit)	12.93	247.37	(161.12)	119.01	(196.84)	28.93

Annexure - VI**Statement of dividend paid:**

Particulars	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
On Equity share capital						
Paid up share capital	350.00	350.00	525.00	525.00	918.75	918.75
Face value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %	Nil	Nil	Nil	Nil	Nil	Nil
Amount of Dividend	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Corporate Dividend tax	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Annexure - VII**Statement of Performance Ratio**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
Adjusted Earnings per share (Rs.)	1.84	2.71	2.48	6.23	6.56	8.36*
Return On Net Worth* (%)	20.70%	23.27%	15.49%	27.97%	22.91%	27.28%
Adjusted Net Asset Value/Book value Per share (Rs.)	8.91	11.63	16.02	22.26	28.65	30.70

*The EPS for the three month period ending June 30, 2007 has been annualized.

- 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

(Rs. in Lacs)

Capitalization Statement:

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
Total Debt:						
Short Term Debt	16.86	400.60	510.40	460.99	511.53	655.21
Long Term Debt	539.45	670.41	1127.42	1094.46	930.77	1058.59
Shareholders Funds:						
Share Capital	350.00	350.00	525.00	525.00	918.75	918.75
Reserves & surplus	474.77	723.40	951.46	1523.63	1732.87	1925.20
Less: Misc. expenditure	6.06	5.05	4.43	3.32	19.74	23.33
Total Shareholders Funds	818.71	1068.35	1472.03	2045.31	2631.88	2820.62
Long Term Debt/ Shareholders funds	0.66	0.63	0.77	0.54	0.35	0.38

Annexure IX**Statement of Tax Shelter**

Particulars	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	30-Jun-07
Profit before current and deferred taxes (A)	167.49	249.01	239.95	612.00	777.40	235.74
Tax rate, % (E)	36.75	35.88	36.59	33.66	33.66	33.99
Tax impact	61.55	89.34	87.80	206.00	261.67	80.13
Adjustments						
Permanent differences						
Other adjustments						
Total (B)						
Temporary differences						
Difference between book depreciation and tax depreciation	(192.66)	(209.54)	(352.09)	(492.01)	(434.19)	(433.68)
Other adjustments	267.72	285.37	403.77	495.12	-	-
Total (C)	75.06	75.83	51.68	3.11	(434.19)	(433.68)
Net Adjustment (B+C)	75.06	75.83	51.68	3.11	(434.19)	(433.68)
Tax saving thereon	27.58	27.21	18.91	1.05	(146.15)	(145.98)
Net tax payable as per income tax returns (D=A-B-C)	-	-	-	2.73	25.01	43.29

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

Annexure - X**Details of Other income**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
Interest Rebate & Discount	4.50	4.48	5.10	3.84	2.33	0.05
Car Hire Charges & others	0.95	1.01	1.62	2.35	0.00	0.00
Profit from Proprietorship Firm						
Profit on Sale of shares		0.23	10.35	59.82	15.00	0.00
Dividend received		0.01	3.90	7.35	30.44	2.23
Interest received		0.70	0.69	2.60	5.72	0.00
Commission received	48.18	9.95		250.48	100.89	0.00
Insurance Claim						
Misc. Balance W/off				39.34	15.45	0.00
Misc.						0.10
Total	53.62	16.38	21.66	365.78	169.83	2.38

Annexure - XI**Sundry Debtors:**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
a) Debts outstanding for a period exceeding Six Months	74.13	69.59	97.27	125.65	72.50	65.28
b) Others Debts	307.40	400.22	464.56	914.42	1484.30	1625.40
Total	381.53	469.81	561.83	1040.07	1556.80	1690.68

Note: None of the Sundry Debtors of the Issuer Company is related to the directors or promoters or Issuer Company in any way

Annexure - XII**Loans & Advances:**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
(Unsecured, Unconfirmed & considered good)						
Advance recoverable in cash or in kind or for value to be received	323.55	421.53	405.35	534.88	771.08	951.07
Security Deposit	34.29	39.73	73.93	95.60	126.06	197.23
Subsidy recoverable from State Govt.	0.00	0.00	0.00	0.00	0.00	0.00
Advance Income Tax & TDS	5.81	0.10	4.40	14.59	35.48	39.48
Due from Subsidiary Co.	0.00	0.00	0.00	0.00	0.00	0.00
Goods in Transit	0.00	0.00	0.00	0.00	0.00	0.00
Total	363.65	461.35	483.68	645.07	932.62	1187.78

Annexure - XIII**Unsecured Loans:**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
From Share Holders	124.25	166.00	129.40	191.30	246.27	246.27
Security from Staff & Customers	187.09	189.11	229.98	230.31	240.31	240.31
Fixed Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Redeemable Non-Convertible Debentures	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00
Total	311.34	355.11	359.38	421.61	486.59	486.59

Annexure - XIV**Secured Loans:**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
RUPEE TERM LOAN :						
TERM LOAN						
Rajasthan State Industrial Development & Investment Corporation Ltd.	108.24	315.30	204.71	105.88	35.30	217.63
Rajasthan Financial Corporation	0.00	0.00	0.00	0.00	0.00	0.00
State Bank of Bikaner & Jaipur, New Delhi	0.00	0.00	563.33	566.96	408.88	354.37
WORKING CAPITAL TERM LOAN						
Rajasthan State Industrial Development & Investment Corporation Ltd.	60.00	0.00	0.00	0.00	0.00	0.00
Rajasthan Financial Corporation	59.87	0.00	0.00	0.00	0.00	0.00
AUTOMOBILE LOANS						
1. From American Express Bank Limited	4.70	0.00	0.00	0.00	0.00	0.00
2. From Citi Bank N.A.	0.00	1.95	0.00	0.00	0.00	0.00
3. From Canara Bank	0.00	0.00	0.00	0.00	0.00	0.00
4. From H.S.B.C. Ltd.	0.70	0.00	0.00	0.00	0.00	0.00
5. From ICICI Bank Ltd.	7.02	28.30	19.19	15.72	20.58	18.32
6. From Standard Chartered Bank	4.44	1.90	0.00	0.00	0.00	0.00
7. From Bank of Punjab	0.00	8.41	4.83	1.00	0.00	0.00
8. From HDFC Bank	0.00	0.00	1.66	10.80	11.92	10.37
9. From GMAC Financial Services (I) Ltd.	0.00	0.00	0.00	14.54	8.45	6.84
10. From TML Financial Services Ltd.	0.00	0.00	0.00	0.00	2.73	2.48
WORKING CAPITAL LOANS :						
Vijaya Bank, New Delhi	0.00	360.04	0.00	0.00	0.00	0.00
State Bank of Bikaner & Jaipur, New Delhi	0.00	0.00	484.73	418.93	467.85	617.21
Total	244.98	715.90	1278.45	1133.83	955.71	1227.21

Annexure XV

Related party transactions

(i) List of related parties

1 Key Managerial Personnel

Mr. Kamlesh Kumar Rathi

Mr. Anupam Rathi

Mr. Anurag Rathi

2 Relatives of Key Managerial Personnel

Mrs. Pushpa Rathi

Mrs. Parnika Rathi

Mrs. Nandita Rathi

3 Companies in which the Key Managerial Personnel and/or their relatives exercise significant influence

M/s Parnika Investments Pvt. Ltd.

M/s Rathi Cereals Pvt. Ltd.

M/s Rathi Overseas Pvt. Ltd.

M/s Rathi Exports Pvt. Ltd.

M/s Maryada Holdings Pvt. Ltd.

M/s Pranika Leasing & Finance Pvt. Ltd.

M/s Uddhav Leasing & Finance Pvt. Ltd.

M/s Uddhav Investments Pvt. Ltd.

M/s Eleventh Hour Leasing & Finance Pvt. Ltd.

M/s Bhuvneshwari Leasing & Finance Pvt. Ltd.

M/s Rathi Breweries Ltd.

M/s Rathi Krishi Farm Pvt. Ltd.

M/s Anupam Cotfab Ltd.

M/s Rathi Iron Ltd.

M/s Rathi Oxygen Ltd.

M/s Anupam Rathi HUF

M/s Anurag Rathi HUF

M/s Rathi Special Steels Ltd.

4 Subsidiary companies

NIL

Particulars	Year ended 31st March					
	2003	2004	2005	2006	2007	Period ended June, 2007
Transactions during the period/year						
I Key Managerial Personnel						
Shares Issued	11.00	-	16.00	-	61.39	-
Remuneration	8.04	12.24	16.68	24.60	39.40	12.75
Unsecured Loans Received/Outstanding	20.75	38.75	23.25	43.35	56.62	56.62
II Relatives of Key Managerial Personnel						
Shares Issued	-	-	52.25	-	63.41	-
III Companies/Associations in which the Key Managerial Personnel and/or their relatives exercise significant influence						
Shares Issued	89.00	-	106.75	-	268.95	-
Unsecured Loans Received/Outstanding	103.50	127.25	106.15	147.95	189.65	189.65

Details of the unsecured loan of Rs. 189.65 lacs as on June 30 2007 are as follows:

Name of the Lender	Amount (Rs. in lacs)
M/s Anupam Cotfab Ltd.	5.50
M/s Bhuvneshwari Leasing & Finance (P) Ltd.	7.25
M/s Eleventh Hour Leasing & Finance (P) Ltd.	8.50
M/s Parnika Investments (P) Ltd.	5.75
M/s Pranika Leasing & Finance (P) Ltd.	6.00
M/s Rathi Breweries Ltd.	1.50
M/s Rathi Cereals (P) Ltd.	14.50
M/s Rathi Exports (P) Ltd.	7.50
M/s Rathi Krishi Farm (P) Ltd.	3.00
M/s Rathi Overseas (P) Ltd.	7.25
M/s Uddhav Investments (P) Ltd.	9.00
M/s Uddhav Leasing & Finance (P) Ltd.	6.00
M/s Rathi Oxygen Ltd.	20.20
M/s Anupam Rathi HUF	38.75
M/s Anurag Rathi HUF	48.95
Total	189.65

Of the above items, transactions in excess of 10% of the total related party transactions are as under

Particulars	Year ended 31st March					
	2003	2004	2005	2006	2007	Period ended June, 2007
I Key Managerial Personnel						
Shares Issued						
Mr. Kamlesh Kumar Rathi					9.01	-
Mr. Anupam Rathi					9.01	-
Mr. Anurag Rathi	11.00	-	16.00	-	43.37	-
Remuneration						
Mr. Kamlesh Kumar Rathi	3.00	4.80	6.60	9.00	15.00	5.25
Mr. Anupam Rathi	2.52	3.72	5.04	7.80	12.20	3.75
Mr. Anurag Rathi	2.52	3.72	5.04	7.80	12.20	3.75
Unsecured Loans Received/Outstanding						
Mr. Kamlesh Kumar Rathi	7.75	7.75	4.95	7.35	15.35	15.35
Mr. Anupam Rathi	8.25	18.25	10.85	20.05	21.82	21.82
Mr. Anurag Rathi	4.75	12.75	7.45	15.95	19.45	19.45
II Relatives of Key Managerial Personnel						
Shares Issued						
Mrs. Pushpa Rathi	-	-	11.25	-	29.24	-
Mrs. Parnika Rathi	-	-	39.00	-	31.54	-
III Companies/Associations in which the Key Managerial Personnel and/or their relatives exercise significant influence						
Shares Issued						
M/s Rathi Cereals Pvt. Ltd.	10.50	-	12.65	-	27.71	-
M/s Rathi Overseas Pvt. Ltd.	15.50	-	-	-	28.12	-
Anupam Rathi HUF	19.00	-	-	-	27.20	-
M/s Parnika Investment (P) Ltd.	-	-	14.25	-	28.69	-
M/s Anupam Cottfab Ltd.	-	-	10.60	-	-	-
Unsecured Loans Received/Outstanding						
M/s Rathi Exports (P) Ltd.	14.50	14.50	-	-	-	-
M/s Bhuvneshwari Leasing & Finance Pvt. Ltd.	-	-	-	-	-	-
M/s Uddhav Investments Pvt. Ltd.	-	-	-	-	-	-
M/s Rathi Cereals Pvt. Ltd.	20.75	25.00	14.50	-	-	-
M/s Rathi Overseas Pvt. Ltd.	-	14.25	-	-	-	-
M/s Eleventh Hour Leasing & Finance Pvt. Ltd.	-	-	-	-	-	-
M/s Parnika Investments Pvt. Ltd.	-	12.75	-	-	-	-
Anurag Rathi HUF	-	-	15.50	36.95	48.95	48.95
Anupam Rathi HUF	-	-	-	29.25	38.75	38.75
M/s Rathi Oxygen Ltd.	-	-	-	-	20.20	20.20

Annexure - XVI**Investments:**

PARTICULARS	AS AT 31.03.2003	AS AT 31.03.2004	AS AT 31.03.2005	AS AT 31.03.2006	AS AT 31.03.2007	AS AT 30.06.2007
Long-term investments						
For the year ended						
<u>IN SUBSIDIARY COMPANIES / FIRM (UNQUOTED)</u>						
<u>FULLY PAID EQUITY SHARES</u>	0.00	0.31	143.06	53.99	32.27	32.27
<u>MUTUAL FUND</u>	0.00	0.00	73.51	40.00	275.00	225.00
National Saving Certificates	0.06	0.06	0.06	0.06	0.06	0.06
Others	0.25	0.25	0.00	0.00	0.00	0.00
	0.31	0.62	216.63	94.05	307.33	257.33

FINANCIAL INFORMATION OF GROUP COMPANIES**RATHI BREWERIES LIMITED**

Rathi Breweries Limited was incorporated as a public limited company on the 9th Day of May 1995 vide Certificate of Incorporation no. 55 - 68350.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on the business of malsteres, brewers and distillers in all its branches.*
- To carry on all or any of the business of hop merchants and growers, malt factors, corn merchants, wine and spirit merchants and importers, coopers and bottlers, potters manufacturers of and dealers in aerated and mineral waters, and other drinks, licensed victuallers and beer house keepers.*

The registered office of the company is situated at 6, Sadhna Enclave, New Delhi - 110017.

There are three (3) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri. Kamlesh Kumar Rathi	Director
Shri Anupam Rathi	Director
Shri Anurag Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 60,00,000/- (Rupees Sixty Lacs Only) divided into 3,50,000 (Three Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each, 1,00,000 (One Lac) preference shares of Rs. 10/- each and 1,50,000 (One lac fifty thousand) 6% non cumulative convertible preference shares of Rs. 10/- each .

Details of Equity Shareholders as on 01.09.2007:

S. No	Name	No. of Shares held	% Holding
1.	Smt. Pushpa Rathi	74500	23.61
2.	Shri. Anupam Rathi	1900	0.60
3.	Shri Anurag Rathi	78000	24.71
4.	Smt.. Parnika Rathi	43900	13.91
5.	Smt. Nandita Rathi	13550	4.29
6.	Anupam Rathi HUF	72250	22.89
7.	Anurag Rathi HUF	26500	8.40
8.	Shri Kamlesh Kumar Rathi	5000	1.58
	TOTAL	315600	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	1.53	1.09	2.01
Profit after Tax (PAT)	1.37	0.8	1.55
Equity Share Capital	31.56	31.56	30
Reserves and Surplus	3.11	0	0
Net Worth	34.65	31.53	29.96
NAV per Share (Rs.)	10.98	9.99	9.99
Earning per Share (Rs.)	0.43	0.25	0.52

RATHI IRON LIMITED

Rathi Iron Limited was incorporated as a public limited company on the 20th day of March 1996 vide Certificate of Incorporation No. 55-77385.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To set up steel furnaces and continuous casting and rolling mill/plant for producing steel and alloy steel ingots, steel and alloy steel billets and all kinds and sizes of re-rolled sections, i.e., flats, angles, rounds, squares, hexagons, octagons, rails, joints, channels, steel strips, sheets, plates, deformed bars, plain and cold twisted bars, bright bars, shaftings and steel structurals.*
- To carry on business of all or any kind of iron and steel founders, steel melters, steel makers, steel shapers and manufacturers, mechanical engineers and fabricators, contractors, tool makers, brass founders, metal workers, manufacturers of steel, metal and malleable grey, casting including ferrous, non-ferrous, special and alloy steel, spring steel, forging quality steel manufacturers, processors of all types of forged components and accessories, alloys, nuts, bolts, steel rounds, nails, tools, all types of hard-ware items, plate makers, wire drawers, tube manufacturers, galvanisers, japaners, re-rollers, annealers, enamellers and electroplaters and to buy, take on lease or hire, sell, import, export, manufacture, process, repair, convert, let on hire, otherwise deal in such products, raw materials, stores, packing materials, by-products and allied commodities, machineries, rolling stock implements, tools, tensiles, ground tools and materials.*
 - To carry on the business or businesses of manufacturers, importers and exporters of and dealers in ferrous and non-ferrous castings of all kinds and in particular, (i) pans, rice, bowls, cooking pots, and hollow-ware of all kinds, (ii) cooking description and their accessories, (iii) cast iron pipes and fittings, railings, staircases, ventilators and all building materials, (iv) man-hole covers, surface boxes, cisterns, weights and castings of all description, big and small, (v) chilled and malleable castings, special alloy castings and foundry works of all kinds, (vi) forgings of mild carbon, alloy and stainless steels and die forgings of all types.*
 - To carry on business of iron-masters, forgers, iron founders, mechanical and electrical engineers, steel and non-ferrous metal converters, manufacturers or agricultural implements and machineries and tools brass founders, metal workers, boiler makers and metallurgists and wood-workers, or as consultants in any matters referred in sub-clause 1 to 3 above.*

The registered office of the company is situated at 6, Sadhna Enclave, New Delhi - 110017.

There are four (4) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri. Kamlesh Kumar Rathi	Director
Smt. Pushpa Rathi	Director
Shri Anurag Rathi	Director
Shri Anupam Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 6,00,000/- (Rupees Six Lac Only) divided into 60,000 (Sixty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 01.09.2007

S.No.	Name	No. of Shares held	% Holding (approx.)
1.	Shri Kamlesh Kumar Rathi	10000	19.7
2.	Shri Anupam Rathi	5000	9.8
3.	Shri Anurag Rathi	5100	10
4.	Smt. Pushpa Rathi	10300	20.31
5.	Smt. Parnika Rathi	5100	10.00
6.	Smt. Nandita Rathi	5100	10
7.	Anupam Rathi - HUF	5100	10
8.	Anurag Rathi-HUF	5000	9.8
	Total	50700	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	0.40	0	0
Profit after Tax (PAT)	-0.29	-0.02	0
Equity Share Capital	5.07	5.07	0.07
Reserves and Surplus	0.037	0	0
Net Worth	4.92	4.85	-0.17
NAV per Share (Rs.)	9.70	9.57	(24.29)
Earning per Share (Rs.)	(0.57)	(0.04)	-

RATHI OVERSEAS PRIVATE LIMITED

Rathi Overseas Private Limited was incorporated as a private limited company on the 1st day of January 1992 vide Certificate of Incorporation no. 55 - 46967.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To buy, sell, import, export and deal in all types of iron & steel, steel ingots, steel bars & other products of iron & steel.*
- To carry on the business of buying, selling, exchanging, exporting, importing and dealing in wholesale and retail in men's women's and children's clothing and wearing apparel of every kind leather items.*
- To buy, sell, export, import deal in all types of yarn, hosiery goods and canvas cloth, leather and leather goods of all descriptions and of leather and of leather dresses tanners, hides, skins, wearing apparel of every kind, silk mercers, knitters and carry on the business of dyeing printing, processing, blending wool tops with man made fabrics and synthetics.*
- To carry on all or any of the business of departmental store customiers, tailors, clothiers, outfitters, designers gloves, feather dressers, furriers, general haisers, dealers, importers, exporters in fabric material and garments of all kinds.*
- To purchase, sell, export, import, refine or alter and deal in all types of handicrafts, artificial Jewellery, carpets, dry-fruits, brassware materials, raw materials, antique, decoratives and other allied goods and merchandise whether in raw material form or refined form.*

6. To carry on in India or elsewhere the business of importers, and exporters of, whether directly under its own name or on commission basis or as liaison agents or as C and F agents and dealers in all such items that are permissible under Import and Export Trade Policy of the Government of India and also to buy and sell, either as principal or as broker, import Replenishment Licences or any other Licences, quotes as per the policy of the Government of India.
7. To carry on the business of and to act as agents, sub-agents distributors, commission agents, representatives, warehousemen merchants, traders, stockists and sales organizers of all goods and commodities.

The registered office of the company is situated at E - 24, Gali No. 5, First Floor, Pandav Nagar, Delhi - 110032.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Rajendra Kumar Sharma	Director
Shri Anil Bansal	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 95,00,000/- (Rupees Ninety Five Lac Only) divided into 4,50,000 (Four Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each, 2,00,000 (Two Lac) preference shares of Rs. 10/- each and 3,00,000 (Three lacs) 6% non cumulative preference shares of Rs. 10/- each.

Details of Equity Shareholders as on 01.09.2007:

S. No.	Name	No. of Shares held	% Holding (Approx.)
1	Mr. Anupam Rathi	10000	2.52
2	Mr. Anurag Rathi	64000	16.13
3	M/s. Maryada Holdings Pvt. Ltd.	30000	7.56
4	M/s. Rathi Cereals Pvt. Ltd.	30000	7.56
5	M/s. Anurag Rathi HUF	22400	5.65
6	Mrs. Parnika Rathi	26400	6.65
7	M/s. Yashwant Vinayog Ltd.	15000	3.78
8	M/s. Anupam Rathi HUF	57900	14.60
9	M/s. Uddhav Investments Pvt. Ltd.	20000	5.04
10	M/s. Bhuvneshwari Leasing & Finance Pvt. Ltd.	20000	5.04
11	M/s. Uddhav Leasing & Finance Pvt. Ltd.	5000	1.26
12	Mr. Kamlesh Kumar Rathi	43600	10.99
13	Mrs. Pushpa Rathi	43500	10.97
14	Mrs. Nandita Rathi	7900	1.99
15	Mr. Ashok Sharma	1000	0.25
	TOTAL	396700	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.25	1.17	2.01
Profit after Tax (PAT)	1.56	0.77	1.51
Equity Share Capital	39.67	39.67	37.17
Reserves and Surplus	15.47	13.91	6.89
Net Worth	55.14	53.58	44.06
NAV per Share (Rs.)	13.90	13.51	11.85
Earning per Share (Rs.)	0.39	0.19	0.41

RATHI OXYGEN LIMITED

Rathi Oxygen Limited was incorporated as a public limited company on the 16th Day of April 1973 vide Certificate of Incorporation no. 6568.

The main objects of this company, as set out in its Memorandum of Association, are:-

1. To carry on the business of producers and manufacturers of oxygen, dissolved acetylene, nitrogen, argon, hydrogen, carbon dioxide, nitrous oxide, Freon carbonic acid or other gaseous or kindred substances or any compounds thereof by any process and of selling or supplying such gases, substances and compounds.
2. To carry on the business as importers, exporters and producers, manufacturers of gas cylinders, electrodes, welding rods and materials and allied accessories required for welding.
3. To buy, sell, manufacture, refine, manipulate, process, export import and deal in all substances, apparatus and things capable of being used in any of the aforesaid business or required by any customers or persons having dealing with the company whether wholesale or retail.
4. To acquire, use, sell and supply gases and to deal with manufacture and render saleable and residue products detailed in the manufacturer of gases.

The registered office of the company is situated at 6, Sadhna Enclave, New Delhi - 110017.

There are three (3) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Anupam Rathi	Director
Shri Anurag Rathi	Director
Shri Kamlesh Kumar Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 25,00,000/- (Rupees Twenty Five Lac Only) divided into 2,50,000 (Two Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 01.09.2007:

S. No.	Name	No. of Shares Held	% Holding (approx.)
1.	Smt. Pushpa Rathi	62842	27.68
2.	Shri Anupam Rathi	1000	0.44
3.	Shri Anurag Rathi	75579	33.29
4.	Smt. Parnika Rathi	18579	8.18
5.	Anupam Rathi HUF	62500	27.53
6.	Anurag Rathi HUF	5500	2.42
7.	Shri Kamlesh Kumar Rathi	1000	0.44
	TOTAL	227000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	1.62	0	0
Profit after Tax (PAT)	-0.55	-0.15	-0.1
Equity Share Capital	22.7	22.7	22.5
Reserves and Surplus	0	0	0
Net Worth	21.6	21.6	21.54
NAV per Share (Rs.)	9.52	9.52	9.57
Earning per Share (Rs.)	(0.24)	(0.07)	(0.04)

RATHI EXPORTS PRIVATE LIMITED

Rathi Exports Private Limited was incorporated as a private limited company on the 1st day of January 1992 vide Certificate of Incorporation no. 55 - 46966.

The main objects of this company, as set out in its Memorandum of Association, are:-

1. *To carry on the business in India and/or any part of the world as buyers, sellers, importers and exporters of :*
Carpet of all kinds, readymade garments of all kinds and silk sequin readymade garments, cloth, textiles (decorative, hand and machine made) carpets, rugs, druggists, beverages, beers, wines, spirits, aerated waters, liquors, artificial silk fabrics, natural silk fabrics, raw silk, cotton, woolen cloth, woolen textiles and all sorts of apparels, dressing material, furnishing fabrics, all types of laces borders, bale-fita, zari goods, embroidery goods, all types of hosiery, coir and jute and products thereof, wood and timber, industrial diamonds, coal and charcoal, glue, gums and resins, ivory, lac shellac, manures, pulp or wood, rags rubber, tanning substances, wax, quartz, crystal, chemicals and chemicals preparations, plastics and linoleum articles, glass and glass wares, brass waxes, handicrafts, handloom toys, dolls, liquid gold, precious stones, ornaments, jewelries, pearls, paper and stationery, sports goods, drugs and medicines soaps, paints instruments, apparatus and appliances, machinery and mill work and parts thereof, cosmetics, wigs, belts, belting, cinematography films exposed, gramophones records, rubber, plastic goods, starch, umbrella, crown corks, surgical and musical instruments, marble, granite and hardware items, traditional calendars, all kinds of books and manuscripts, sanitary ware and fittings, natural fiber products, cellulose and cellulose products, mixed blended products, nylon, polyester, fiber yarn and mixed fabrics, fodder bran, fruits, nuts, cashew nuts, kernels, grains, pulses, flour, confectionery provisions, alcohol, beverages, perfumed spirits, spices and tea, coffee, sugar and molasses, vegetables and vegetable products, processed foods and packed food products, flash lights bulbs, mantels, condoms and leather goods.
2. *To act as an export house in connection with the business as referred to in sub-clause (1) above.*
3. *To act as export agents and purchase and sale representatives to stockists, product processing unit and units engaged in village industries, home industries, cottage industries, small and medium scale industries in connection with the business as referred to in sub clause (1) above.*
4. *To carry on the business as general merchants and traders in goods and commodities, commission agents, buying, and selling agents and importers and exporters thereof.*

The registered office of the company is situated at 64, Govind Khand, Vishwakarma Nagar, Jhilmil Colony, Shahadara, Delhi - 110095.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Prem Chand Aggarwal	Director
Shri Durga Prasad Saboo	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 90,00,000/- (Rupees Ninety Lac Only) divided into 4,30,000 (Three Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each 1,70,000 (One Lac Seventy Thousand) preference shares of Rs. 10/- each and 6% non cumulative convertible preference shares of Rs. 10/- (Rupees Ten) each.

Details of Equity Shareholders as on 01.09.2007:

S. No.	Name	No. of Shares held	% Holding (Approx.)
1	Mr. Anurag Rathi	66200	17.77
2	Mrs. Parnika Rathi	35015	9.40
3	M/s. Rathi Overseas Pvt. Ltd.	7000	1.88
4	M/s. Rathi Cereals Pvt. Ltd.	20000	5.37
5	Mr. Kamlesh Kumar Rathi	25400	6.82
6	M/s. Uddhav Investments Pvt. Ltd.	30000	8.05
7	Mr. Anupam Rathi	7500	2.01
8	Mrs. Pushpa Rathi	70700	18.98
9	Mrs. Nandita Rathi	6000	1.61
10	M/s. Maryada Holdings Pvt. Ltd.	5000	1.34
11	M/s. Uddhav Leasing & Finance Pvt. Ltd.	35000	9.40
12	Anurag Rathi-HUF	17000	4.56
13	M/s. Anupam Rathi HUF	46685	12.53
14	Mr. P.C. Agrawal	1000	0.27
	TOTAL	372500	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	1.66	1.17	2.01
Profit after Tax (PAT)	1.49	0.9	1.61
Equity Share Capital	37.25	37.25	34
Reserves and Surplus	6.73	3.25	0
Net Worth	43.98	40.5	34
NAV per Share (Rs.)	11.81	10.87	10.00
Earning per Share (Rs.)	0.40	0.24	0.47

RATHI KRISHI FARM PRIVATE LIMITED

Rathi Krishi Farm Private Limited was incorporated as a private limited company on the 20th day of September 1993 vide Certificate of Incorporation no. 55 - 55295.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To cultivate, grow, produce or deal in any agricultural, vegetables, fruits and fruit products and to carry on the business of farmers, dairymen, milk contractors, dairy farmers, millers, surveyors, and vendor of milk products, condensed milk and powder milk, cream, cheese, butter, poultry, fruits vegetables, cash crops and provisions of all kinds growers of and dealers in corn and straw, seed men and nurserymen and to buy, sell, and trade in any goods usually traded in any of the above business or any other business such as of staple foods and medicinal preparations from milk, vegetable and animal products or any substitute for any of them associated with the farming interests which may be advantageously carried on by the company.*
- To carry on the business of farming, agriculture and horticulture in all their respective farms and branches and to grow, buy, sell, or otherwise deal in all kinds of agricultural, horticultural, dairy, poultry and farm produce and products including food grains, cereals seeds, oil seeds, plants, flowers, flower seeds, vegetables, fruits, vegetables and edible oils, meat, fish, eggs and foods and food products and fertilizers.*
- To set up develop and to deal in farms, agricultural houses, farm houses, orchards, gardens and to deal in import and export of all kinds of agricultural products.*
- To provide and arrange for technical training, education, aid, advice to any person in respect of any matter of problem connected with agriculture, horticulture farming and dairy farming.*
- To purchase, sell, repair, import, export or deal in agricultural, horticultural and dairy machinery, tools and implements.*
- To buy, sell, import, export, prepare and to carry on the business of cannels, preservers, and dealers in fruits, honey, fresh and preservable products and generally to carry on and trading in jams, jellies, pickles, chutney, vinegars, ketchups-juices, squashes, syrups, powders (edible), drinks, beverages, essences, ice-creams, milk preparations and other preparation where all or any of the produce and products mentioned above is used.*

The registered office of the company is situated at 6, Sadhna Enclave, New Delhi - 110017.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Kamlesh Kumar Rathi	Director
Shri Anupam Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 70,00,000/- (Rupees Seventy Lacs Only) divided into 3,50,000 (Three Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each, 1,00,000 (One Lac) preference shares of Rs. 10/- each and 2,50,000 (Two Lacs fifty thousand) 6% non cumulative convertible preference shares of Rs. 10/- each.

Detail of Equity Shareholders as on 01.09.2007:

S. No.	Name	No. of Shares Held	% Holding
1.	Anupam Rathi HUF	66920	23.23
2.	Mr. Anurag Rathi	59340	20.60
3.	Mrs. Pushpa Rathi	85860	29.80
4.	Mrs. Nandita Rathi	29280	10.16
5.	Mrs. Parnika Rathi	34200	11.87
6.	Anurag Rathi HUF	12500	4.34
	TOTAL	288100	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.04	1.13	2.01
Profit after Tax (PAT)	1.37	0.87	1.57
Equity Share Capital	28.81	28.81	28.81
Reserves and Surplus	4.83	3.46	2.58
Net Worth	33.64	32.27	31.39
NAV per Share (Rs.)	11.68	11.20	10.90
Earning per Share (Rs.)	0.48	0.30	0.54

RATHI CEREALS PRIVATE LIMITED

Rathi Cereals Private Limited was incorporated as a private limited company on the 10th Day of February 1988 vide Certificate of Incorporation no. 55 - 30577.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on the business of Millers of cereals and cereal products-flour, atta, suji, maida and all other allied products from wheat, maize, barely, rice, bajra and such other grains and corns, oil seeds and/or other food products and to buy, sell, trade, deal and stock in such products and cereals including set up of rollers and other Flour Mills.*
- To carry on the business of manufacturers of all kinds of biscuits loafs bread, corn-flakes, pastries and or such other food-products as may be conveniently carried on and to buy, sell, stock, trade and deal in such products.*
- To carry on the business of manufacturers in all kind of bye product out of cereals, corns and grains, such as bran, husk, poultry-foods, chemicalised and vitaminised food products, food packets, tinned foods, edible oils and such other allied products, as may be conveniently be carried on and deal, buy, sell, stock, trade and barter such products.*
- To import, export, stock, trade and deal in all kinds of food precuts, cereals, grains, fruits, vitamins and vitaminised production, corn products, spices and spice-products and in such other allied commodities as may conveniently be carried on.*
- To carry on the business of conservation and preservation of all kinds of food and food products cereals, potato, fruits, and vegetables and such other products and for this purpose to build or hire cold-storage or godowns and sheds and set up such plants as may be required for the purpose.*
- To purchase, sell, import, export, repair, or deal in all machinery used in the manufacture, of flour, maida, suji, dal, basin, biscuit, bread, dalia and other food and allied products.*
- To carryon agricultural and plantation business required for the business referred to in Para (1) to (5) above purpose for the production of various kinds of cereals, grains, corns, fruits, vegetables, spices and oil seeds and for this to acquire land orchards, plantations and to introduce plants, machinery, implements and tools as may be required.*
- To carry on the business of warehouse-keepers, storage agents and/or to make arrangements for warehousing and storage for custody and storing of cereals, grains, corns, fruits, vegetables and such other products for the purpose of safe storage and/or preservation.*
- To carry on the business and to cat as merchants, traders, commission agents, and to import, export, sell, barter, exchange, pledge, deal in goods and merchandise referred to above.*

The registered office of the company is situated at 6, Sadhna Enclave, New Delhi - 110017.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Anupam Rathi	Director
Shri Anurag Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 1,05,00,000/- (Rupees One crore five lac only) divided into 5,50,000 (Five Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each 2,00,000 (Two Lac) preference shares of Rs. 10/- each and 3,00,000 (three lacs) 6% non cumulative convertible preference shares of Rs. 10/- each.

Details of Equity Shareholders as on 01.09.2007:

S. No.	Name	No. of Shares held	% Holding (Approx.)
1	Mr. Prem Ratan Rathi	10	0.002
2	Mr. Kamlesh Kumar Rathi	24600	4.68
3	Mrs. Pushpa Rathi	83400	15.86
4	Mr. Anupam Rathi	6000	1.14
5	Mr. Anurag Rathi	79215	15.07
6	M/s. Anurag Rathi - HUF	14500	2.76
7	M/s. Uddhav Leasing & Finance Pvt. Ltd.	43400	8.26
8	M/s. Uddhav Investments Pvt. Ltd.	5600	1.07
9	M/s. Anupam Rathi - HUF	65437	12.45
10	Mrs. Parnika Rathi	48558	9.24
11	Mrs. Nandita Rathi	15280	2.91
12	M/s. Yashwant Viniyog Ltd.	30000	5.71
13	M/s. Maryada Holdings Pvt. Ltd.	42500	8.08
14	M/s. Rathi Overseas Pvt. Ltd.	25000	4.76
15	M/s. Bhuvneshwari Leasing & Finance Pvt. Ltd.	15000	2.85
16	M/s. Eleventh Hour Leasing & Finance Pvt. Ltd.	10000	1.90
17	Anurag Rathi - HUF	11000	2.09
18	Deepak Sharma	1700	0.32
19	Bhawar Singh	1600	0.30
20	Ashok Sharma	2900	0.55
	TOTAL	525700	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.21	1.01	2.01
Profit after Tax (PAT)	1.55	0.65	1.47
Equity Share Capital	52.57	52.57	45
Reserves and Surplus	8.10	6.55	5.9
Net Worth	60.67	59.12	50.9
NAV per Share (Rs.)	11.54	11.25	11.31
Earning per Share (Rs.)	0.29	0.12	0.33

RATHI SPECIAL STEELS LIMITED

Rathi Special Steels Limited was incorporated as a public limited company on the 6th day of April 2004 vide Certificate of Incorporation no. U27109DL2004PLC125653. The company has obtained the requisite Certificate for Commencement of Business from the Registrar of Companies, NCT of Delhi & Haryana on 15th April 2004.

The main objects of this company, as set out in its Memorandum of Association, are:-

1. *To set up plants for producing mild steel, low carbon steel, stainless steel, all types of alloy steel, special steel ingots, billets, slabs, flats and / or all kinds and sizes of hot and cold re-rolled products thereof and to set up plants for producing sponge iron and all types of Ferro alloys.*
2. *To carry on business of all or any kind of iron and steel founders, steel melters, steel makers, steel shapers and manufacture, mechanical engineers and fabricators, contractors, tool makers, brass founders, metal workers, manufacturers of steel, metal and malleable grey, casting including ferrous, non-ferrous, special and alloy steel, spring steel, forging quality steel manufacturers, processors of all types of forged components and accessories, alloys, nuts, bolts, steel rounds, nails, tools, all types of hard ware items, plate makers, wire drawers, tube manufacturers, galvanizers, japaners, re-rollers, annealers, enamellers and electroplaters and to buy, take on lease or hire, sell, import, export, manufacture, process, repair, convert, let on hire, otherwise deal in such products, raw materials, stores, packing materials, by-products and allied commodities, machineries, rolling stock implements, tools, tensils, ground tools and materials.*
3. *To carry on the business or businesses of manufacturers, importers and exporters of and dealers in ferrous and non ferrous castings of all kinds and in particular, (i) pans, rice bowies, cooking posts and hollow-wares of all kinds (ii) cooking description and their accessories, (iii) cast iron pipes and fittings, railings, stair cases ventilators and all building materials, (iv) man hole covers, surface boxes, cisterns, weights and castings of all description, big and small, (v) chilled and malleable castings, special alloy castings and foundry works of all kinds, (vi) forgings of mild carbon alloy and stainless steels and die forgings of all types.*
4. *To carry on business of iron-masters, forgers, iron founders, mechanical and electrical engineers, steel and non ferrous metal converters, manufacturers of agricultural implements and machineries and tools, brass founders, metal workers, boiler makers, and metallurgists and wood-workers or as consultants in any matters referred in sub clause 1 to 3 above.*

The registered office of the company is situated at A-24/7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044.

There are three (3) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Kamlesh Kumar Rathi	Director
Shri Anupam Rathi	Director
Shri Anurag Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 2,50,00,000/- (Rupees Two Crores Fifty Lac Only) divided into 15,00,000 (Fifteen Lac) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 10,00,000 (Ten Lac) 4% non cumulative convertible preference shares of Rs. 10/- each.

Details of Equity Shareholders as on 01.09.2007:

S. NO	Name	No. of Shares held	% Holding
1.	Mr. K.K. Rathi	19700	3.58
2.	Mr. Anupam Rathi	10000	1.82
3.	Mr. Anurag Rathi	10000	1.82
4.	Mrs. Pushpa Rathi	10000	1.82
5.	Mr. Anil Kumar Bansal	100	0.018
6.	Mr. Prem Chand Aggarwal	100	0.018
7.	Mr. Manoj M. Jha	100	0.018
8.	Mrs. Parnika Rathi	13000	2.36
9.	Rathi Exports (P) Limited	51000	9.27
10.	Rathi Overseas (P) Limited	71000	12.90
11.	Parnika Investments (P) Limited	124000	22.54
12.	Anupam Cotfab Limited	51000	9.27
13.	Bhuwneshwari Leasing & Finance (P) Ltd.	40000	7.27
14.	Eleventh Hour Leading & Finance (P) Ltd.	60000	10.90
15.	Uddhav Investments (P) Limited	40000	7.27
16.	Uddhav Leasing & Finance (P) Ltd.	50000	9.09
	Total	550000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2006	2005	2004
Total Income	0.00	0.00	0.00
Profit after Tax (PAT)	0.00	0.00	0.00
Equity Share Capital	150.00	55.00	0.00
Reserves and Surplus	0.00	0.00	0.00
Net Worth	147.37	44.25	0.00
NAV per Share (Rs.)	9.82	8.05	0.00
Earning per Share (Rs.)	0.00	0.00	0.00

UDDHAV INVESTMENTS PRIVATE LIMITED

Uddhav Investments Private Limited was incorporated as a private limited company on the 20th day of March 1992 vide Certificate of Incorporation No. 55-48101.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on the business of investment company and to invest in, subscribe and acquire, and hold and dispose of or otherwise deal in shares, stocks, debentures, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, stocks, bonds, obligation, and securities*

issued or guaranteed by any Government, State, dominion, Sovereign, ruler, public body or authority, municipal, local or otherwise, whether in India or elsewhere.

2. To act as agents, sub agent, handling agent, brokers, representatives of any Govt. semi Govt., Quasi Govt. or public undertaking or Govt. owned company or any authority, municipal or local or any manufacturer or trader.
3. To provide investment facility to investors establish and manage investment planning centers, and such other Institutes and training centers.

The registered office of the company is situated at C-44, Manas Apartments Mayur Vihar, Phase-I, New Delhi-110091.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Surender Kumar Lakhota	Director
Shri Arvind Guliani	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 43,00,000/- (Rupees Forty Three Lacs Only) divided into 4,30,000 (Four Lac thirty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 01.09.2007:

S.No.	Name	No. of Shares held	% Holding (Approx)
1	Mr. Anurag Rathi	62825	20.94
2	Mrs. Parnika Rathi	26950	8.98
3	Mr. Kamlesh Kumar Rathi	59000	19.67
4	M/s.. Maryada Holding (P) Ltd.	5000	1.67
5	Mr. R.N.Aggarwal	1750	0.58
6	Mr. Bharat Singh	1750	0.58
7	Mr. Ishwar Singh	1750	0.58
8	Mr. Anupam Rathi	53050	17.68
9	Mr. D.P.Saboo	2500	0.83
10	M/s.. Prompt	20000	6.67
11	Mrs. Nandita Rathi	7500	2.50
12	Mrs. Pushpa Rathi	40000	13.33
13	Mr. Rajender Kr. Sharma	6750	2.25
14	Mr. S.K. Lakhota	1500	0.50
15	M/s. Anurag Rathi HUF	9675	3.23
	TOTAL	300000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.05	1.09	2.01
Profit after Tax (PAT)	1.52	0.8	1.56
Equity Share Capital	30.00	30	28
Reserves and Surplus	11.89	10.36	5.56
Net Worth	41.89	40.36	33.56
NAV per Share (Rs.)	13.96	13.45	11.99
Earning per Share (Rs.)	0.51	0.27	0.56

UDDHAV LEASING & FINANCE PRIVATE LIMITED

Uddhav Leasing And Finance Private Limited was incorporated as a private limited company on the 16h day of March 1992 vide Certificate of Incorporation No. 55-48036.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on and undertake the business of hire purchase leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of automobiles, immovable properties, plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidizing or financing the sale and maintenance of any goods, articles or commodities of every kind upon any terms and to purchase and sell of kind of immovable and moveable property such as land and buildings, plant and machinery, equipment, automobiles, computers, office equipments, household articles and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless of the property purchased and leased be new and /or used.*
- To carry on in India or elsewhere, the business of leasing and as such to give on lease all kind of equipments, plant and machineries, household articles, land, buildings, plots, agricultural land, plantations, vehicles of all types and such other movable and immovable properties, of all types rights, claims and such other interests thereof and to carry on hire purchase business as allowed by the Reserve Bank of India.*
- To provide a leasing and financing and advisory and counseling service to other entities on the leasing and financing business.*
- To carry out financing services such as factoring and making of loans both short and long term, syndication of loans, fund planning and arranging of inter corporate loans.*

The registered office of the company is situated at E-24, Gali-5, 1st Floor, Pandav Nagar, Delhi-110092.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Anil Kumar Bansal	Director
Shri Rajendra Kumar Sharma	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 50,00,000/- (Rupees Fifty Lacs Only) divided into 4,00,000 (Four Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 1,00,000 (one lac) 6% non cumulative convertible preference shares of Rs. 10/- each.

Details of Equity Shareholders as on 01.09.2007

S. No.	Name	No. of Shares held	% Holding (approx.)
1	Mr. Anupam Rathi	29000	8.29
2	Mr. Anurag Rathi	93000	26.57
3	Mr. Kamlesh Kumar Rathi	48500	13.86
4	Mrs. Pushpa Rathi	51000	14.57
5	M/s. Rathi Overseas (P) Ltd.	20000	5.71
6	Mrs. Parnika Rathi	45000	12.86
7	M/s. Nikunj Udyog	20000	5.71
8	Mr. Bhagirath Singh	1500	0.43
9	Mr. Rambrij Singh	1500	0.43
10	Mr. Karnic Singh	1500	0.43
11	M/s. Rathi Cereals (P) Ltd.	1500	0.43
12	Mr. S.S. Yadav	2500	0.71
13	M/s. Anurag Rathi HUF	4000	1.14
14	M/s. Anupam Rathi HUF	26500	7.57
15	Mr. Anil Bansal	1000	0.29
16	Mrs. Nandita Rathi	3500	1.00
	TOTAL	350000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.11	1.25	2.01
Profit after Tax (PAT)	1.57	0.88	1.5
Equity Share Capital	35	35	32.5
Reserves and Surplus	12.52	10.96	5.08
Net Worth	47.52	45.96	37.58
NAV per Share (Rs.)	13.58	13.13	11.56
Earning per Share (Rs.)	0.45	0.25	0.46

ANUPAM COTFAB LIMITED

Anupam Cotfab Limited was incorporated as a public limited company on the 1st day of January 1992 vide Certificate of Incorporation No. 55-46969.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on the business of manufacturers, producers, importers, exporters, buyers, sellers, of and dealers in all kinds of fabrics and textiles prepared or manufactured from nylon, polyester, acrylics, rayon silk, artificial silk, linen, cotton, wool, jute, and any other synthetic, artificial and natural yarns and fibers, and converters or synthetic, artificial and natural fibers and fiber glass into materials such as cloth, tapes, ropes, yarns, twines and such other articles as may be conveniently produced or manufactured, therefrom.*
- To carry on the business of manufacturers, processors, importers, exporters, buyers, sellers, of and dealers in all kinds of yarns, and fibers, whether synthetic, artificial or natural, nylon, polyester, polypropylene, acrylics, rayon, silk, artificial silk, line, cotton, wool, jute and any other fiber or fibrous materials, whether synthetic, artificial, or natural, textile substances, allied products, by-products and substitutes for all or any of them, to treat and utilize any waste arising from any such manufacture, production or process whether carried on by the Company or otherwise and deal in all other materials, equipments, stores used therein or in relation therein or in relation thereto and their intermediary products, other allied products or substances or substitutes for all or any of them and the business of manufacturing, bleaching, printing, dying, combing and dealing in yarn, cloth, linen and other goods and fabrics whether textiles, netted, looped and to transact all and manufacturing or curing, preparing and processes in connection therewith.*

The registered office of the company is situated at 6, Sadhna Enclave, New Delhi-110017.

There are three (3) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Kamlesh Kumar Rathi	Director
Shri Anupam Rathi	Director
Shri Anurag Rathi	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 1,10,00,000/- (Rupees one crore ten lacs only) divided into 10,00,000 (Ten Lac) Equity Shares of Rs. 10/- (Rupees Ten) each and 1,00,000 (one lac) 6% non cumulative convertible preference shares of Rs. 10/- (Rupees ten) each.

Details of Equity Shareholders as on 01.09.2007:

S. No.	Name	No. of Shares held	% Holding (approx.)
1.	Shri. Anupam Rathi	3500	1.28
2.	Smt. Parnika Rathi	14615	5.34
3.	Shri. Kamlesh Kumar Rathi	5500	2.01
4.	Shri Anurag Rathi	11510	4.21
5.	Shri Pawan Mittal	10	0.04
6.	Shri J.P.Sharma	10	0.04
7.	Smt. Pushpa Rathi	18850	6.89
9.	Anupam Rathi-HUF	3500	1.28
10.	Smt. Nandita Rathi	6605	2.41
11.	M/s Bhuvneshwari Leasing and Finance (P) Ltd.	10000	3.65
12.	M/s Uddhav Investments (P)Ltd.	24500	8.95
13.	M/s Rathi Overseas (P) Ltd.	1500	0.55
14.	M/s Maryada Holding (P)Ltd.	10000	3.65
15.	M/s Rathi Breweries Ltd.	100000	36.54
16.	M/s Rathi Cereals (P)Ltd.	10000	3.65
17.	M/s Rathi Krishi Farm (P)Ltd.	40000	14.62
18.	M/s Parnika Investments (P)Ltd.	10000	3.65
19.	Anurag Rathi - HUF	3500	1.28
	TOTAL	273600	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	1.89	1.05	2.01
Profit after Tax (PAT)	1.48	0.77	1.71
Equity Share Capital	27.36	27.36	24.06
Reserves and Surplus	7.27	5.78	1.71
Net Worth	29.22	27.73	20.36
NAV per Share (Rs.)	10.68	10.14	8.46
Earning per Share (Rs.)	0.54	0.28	0.71

BHUWNESHWARI LEASING AND FINANCE PRIVATE LIMITED

Bhuvneshwari Leasing And Finance Private Limited was incorporated as a private limited company on the 5th day of January 1993 vide Certificate of Incorporation No. 55-51586.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on and undertake and business of hire purchase leasing and to finance lease operations of all kinds of purchasing, selling, hiring or letting on hire all kinds of automobiles, immovable properties, plant and machinery and equipment and to assist in financing of all and every kind of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidizing or financing the sale of any goods, articles or commodities of every kind upon any terms such as land and buildings, plant and machinery, equipment ships, aircrafts, automobiles, computers, office equipments, household articles and all consumer, commercial and industrial items and to lease with them in any manner regardless of the property leased be new and /or used.*

2. To carry on in India or elsewhere, the business of leasing and as such to give on lease all kind of equipments, plant and machineries, household articles, land, buildings, plots, agricultural land, plantations, agricultural produce aircrafts, ships, vehicles of all types and such other movable and immovable properties, of all types rights, claims and such other interests thereof and to carry on hire purchase business as allowed by the Reserve Bank of India.
3. To provide a leasing financing and advisory and counseling service to other entities on the leasing and financing business.

The registered office of the company is situated at 64-Govind Khand, Vishwakarma Nagar, Jhilmil Colony, Shahadara, Delhi-110 095.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Prem Chand Aggarwal	Director
Shri Durga Parsad Saboo	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 57,00,000/- (Rupees Fifty Seven Lac Only) divided into 3,70,000 (Three Lac Seventy thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 2,00,000 (two Lacs) 6% non cumulative convertible preference shares of Rs. 10/- (rupees Ten) each.

Details of Equity Shareholders as on 01.09.2007:

S.No.	Name of shareholder	Number of shares held	% Holding (approx.)
1	Mr. Anupam Rathi	35500	11.09
2	Mrs. Pushpa Rathi	37340	11.67
3	M/s. Parnika Investments (P) Ltd.	20000	6.25
4	M/s. Eleventh Hour Leasing & Finance (P) Ltd.	10000	3.13
5	M/s. Rathi Overseas (P) Ltd.	10000	3.13
6	M/s. Rathi Exports (P) Ltd.	25000	7.81
7	Mrs. Parnika Rathi	22830	7.13
8	M/s. Yashwant Vinayog Ltd.	10000	3.13
9	Mr. Kamlesh Kumar Rathi	56500	17.66
10	Mr. D.P.Saboo	2500	0.78
11	Mr. S.S Yadav	2000	0.63
12	Mr. Anurag Rathi	60000	18.75
13	M/s. Anurag Rathi HUF	5830	1.82
14	Mrs. Nandita Rathi	7500	2.34
15	M/s. Anupam Rathi HUF	15000	4.69
	TOTAL	320000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	1.23	1.21	2.01
Profit after Tax (PAT)	2.38	1.75	0.84
Equity Share Capital	32.00	32	28
Reserves and Surplus	6.37	4	0
Net Worth	38.37	36	28
NAV per Share (Rs.)	11.99	11.25	10.00
Earning per Share (Rs.)	0.74	0.55	0.30

ELEVENTH HOUR LEASING & FINANCE PRIVATE LIMITED

Eleventh Hour Leasing And Finance Private Limited was incorporated as a private limited company on the 13th day of November 1992 vide Certificate of Incorporation No. 55-50966.

The main objects of this company, as set out in its Memorandum of Association, are:-

1. To carry on and undertake the business of hire purchase leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of automobiles, immovable properties, plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidizing or financing the sale and maintenance of any goods, articles or commodities of every kind upon any terms and to purchase and sell of kind of immovable and moveable property such as land and buildings, plant and machinery, equipment, ships, aircrafts, automobiles, computers, office equipments, household articles and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless of the property purchased and leased be new and / or used.
2. To carry on in India or elsewhere, the business of leasing and as such to give on lease all kind of equipments, plant and machineries, household articles, land, buildings, plots, agricultural land, plantations, agricultural produce aircrafts, ships, vehicles of all types and such other movable and immovable properties, of all types rights claims and such other interests thereof and to carry on hire purchase business as followed by the Reserve Bank of India.
3. To provide a leasing and financing and advisory and counseling service to other entities on the leasing and financing business.
4. To carry out financing services such as factoring and making of loans both short and long term, fund planning and arranging of inter corporate loans.

The registered office of the company is situated at 64, Govind Khand, Vishwakarma Nagar, Jhilmil Colony, Shahadara, Delhi-110032.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Prem Chand Aggarwal	Director
Shri Surender Kumar Lakhotia	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 59,00,000/- (Rupees Fifty Nine Lac Only) divided into 3,70,000 (Three Lac Seventy thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 2,20,000 (Two lacs twenty thousand) 6% convertible non cumulative preference shares of Rs. 10/- (Rupees Ten) each.

Details of Equity Shareholders as on 01.09.2007

S. No.	Name	No. of Shares held	% Holding (approx.)
1	Mr. Anurag Rathi	57600	18.14
2	Mr. Kamlesh Kumar Rathi	72500	22.83
3	M/s. Parnika Investment (P) Ltd.	5000	1.57
4	M/s. Rathi Cereals (P) Ltd.	15000	4.72
5	Mrs. Pushpa Rathi	25600	8.06
6	M/s. Pranika Leasing & Finance (P) Ltd.	20000	6.30
7	M/s. Maryada Holdings (P) Ltd.	2000	0.63
8	M/s. M/s. Anupam Rathi HUF	22500	7.09
9	Mr. Anupam Rathi	32500	10.24
10	Mr. Parnika Rathi	17600	5.54
11	Mr. S.S. Yadav	1700	0.54
12	M/s. Rathi Exports (P) Ltd.	20000	6.30
13	M/s. Anurag Rathi HUF	11000	3.46
14	M/s. Uddhav Investments (P) Ltd.	3000	0.94
15	Mr. Rajender Kumar Sharma	3250	1.02
16	Mr. D.P.Saboo	2250	0.71
17	Mr. P.C.Aggarwal	1000	0.31
18	Mr. S.K. Lakhotia	1000	0.31
19	Mrs. Nandita Rathi	4000	1.26
	TOTAL	317500	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.29	1.21	2.01
Profit after Tax (PAT)	1.55	0.94	1.6
Equity Share Capital	31.75	31.75	28.75
Reserves and Surplus	13.58	12.03	5.1
Net Worth	45.33	43.78	33.85
NAV per Share (Rs.)	14.28	13.79	11.77
Earning per Share (Rs.)	0.49	0.30	0.56

MARYADA HOLDINGS PRIVATE LIMITED

Maryada Holdings Private Limited was incorporated as a private limited company on the 13th day of August 1991 vide Certificate of Incorporation No. 55-45333.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To acquire and hold shares stocks, debentures debenture stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in the Republic of India or elsewhere, any debentures, debenture stocks, bonds, obligations and securities, issued or guaranteed by any government, sovereign, rural, commissioners, public body or authority whether supreme, municipal, local or otherwise, whether at home or abroad; to acquire any such shares, stocks, debentures, debenture stocks, bonds, obligations or securities by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same either conditionally, or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof, to issue shares, debentures, debenture stocks, bonds, obligation and securities of all kinds of companies and to frame, constitute and secure the same, as may seem expedient, with full power to make the same transferable by delivery or by installment of transfer or otherwise and either perpetual or terminable and either redeemable or otherwise.*

The registered office of the company is situated at C-44, Manas Apartment, Mayur Vihar, Phase-I, New Delhi-110091.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Ashok Sharma	Director
Shri Arvind Guliani	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 57,50,000/- (Rupees Fifty Seven Lac Fifty Thousand Only) divided into 2,00,000 (Two Lac) Equity Shares of Rs. 10/- (Rupees Ten Only) each, 50,000 (Fifty Thousand) preference shares of Rs. 10/- each and 3,25,000 (Three Lacs Twenty Five Thousand) 6% non cumulative convertible preference shares of Rs 10/- (Rupees ten) each.

Details of Equity Shareholders as on 01.09.2007

S.No.	Name	No. of Shares held	% Holding (Approx.)
1	Mrs. Nandita Rathi	5000	2.91
2	M/s. Anurag Rathi HUF	5000	2.91
3	M/s. Uddhav Investments (P) Ltd.	15000	8.74
4	M/s. Uddhav Leasing & Finance (P) Ltd.	25000	14.56
5	M/s. Rathi Cereals (P) Ltd.	15000	8.74
6	M/s. Yashwant Viniyog Ltd.	15000	8.74
7	Mrs. Pushpa Rathi	15670	9.13
8	Mrs. Anurag Rathi	34665	20.19
9	M/s. Anupam Rathi HUF	15000	8.74
10	Mrs. Parnika Rathi	9665	5.63
11	Mr. Ashok Sharma	1000	0.58
12	Mr. Kamlesh Kumar Rathi	1700	0.99
13	Mr. Anupam Rathi	14000	8.15
	TOTAL	171700	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.33	1.05	2.01
Profit after Tax (PAT)	1.54	0.7	1.54
Equity Share Capital	17.17	17.17	15
Reserves and Surplus	8.01	6.65	5.95
Net Worth	25.18	23.82	20.95
NAV per Share (Rs.)	14.67	13.87	13.97
Earning per Share (Rs.)	0.90	0.41	1.03

PARNIKA INVESTMENTS PRIVATE LIMITED

Parnika Investments Private Limited was incorporated as a private limited company on the 6th day of September 1991 vide Certificate of Incorporation No. 55-45583.

The main objects of this company, as set out in its Memorandum of Association, are:-

1. *To invest, subscribe for, acquire, buy, sell, underwrite, vary, transfer, hypothecate deal in and dispose of any shares, debenture whether perpetual or redeemable debenture, stocks, bonds certificates and securities and to carry on the business of underwriters, brokers, sub-brokers, portfolio managers, financiers money lenders, investors ancillary and to lend money, negotiate loans, guarantee the performance of any obligation or undertaking and to draw, accept, endorse, discount, buy, sell and deal in bills of exchange, hundies, letter of credit, promissory notes, coupons, warrants, fixed deposit receipts, cheques drafts, Governments and other notes and other negotiable or non-negotiable instruments, acceptance and obligations and to carry on and undertake any business undertaking, transaction or operation commonly carried on or undertaken by investors, financiers, money-lenders, guarantee brokers, underwriters and trustees provided that the Company shall not carry on the business of Banking or Insurance as defined in the relative Banking Regulation Act, 1949 and the Insurance Acts.*
2. *To carry on and undertake the business of finance, and to finance, lease operations of all kinds of plant and machinery and equipments that the Company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidise finance or assist in subsidizing or financing the sale and maintenance of any goods articles or commodities of all and every kind and description upon any terms.*

The registered office of the company is situated at C-44, Manas Apartment, Mayur Vihar, Phase-I, New Delhi-110091.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Durga Parsad Saboo	Director
Shri Arvind Guliani	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 67,50,000/- (Rupees Sixty Seven Lac Fifty Thousand Only) divided into 6,75,000 (Six Lac Seventy Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Details of Equity Shareholders as on 01.09.2007

S. No.	Name	No. of Shares held	% Holding (Approx.)
1	M/s. Rathi Overseas (P) Ltd.	33000	6.60
2	M/s. Rathi Exports (P) Ltd.	21000	4.20
3	M/s. Rathi Cereals (P) Ltd.	15000	3.00
4	Mr. D.P.Saboo	13450	2.69
5	Mr. S.K. Lakhotia	1750	0.35
6	Mr. Anupam Rathi	35500	7.10
7	Mr. Anurag Rathi	69800	13.96
8	Mrs. Nandita Rathi	18500	3.70
9	Mrs. Parnika Rathi	25730	5.15
10	Mr. S. S.Yadav	6000	1.20
11	Mr. R. N. Agarwal	4300	0.86
12	M/s. Anurag Rathi HUF	9030	1.81
13	Mrs. Pushpa Rathi	37840	7.57
14	M/s. Rathi Krishi Farm (P) Ltd.	55000	11.00
15	M/s. Rathi Breweries (P) Ltd.	40000	8.00
16	Mr. Kamlesh Kumar Rathi	78000	15.60
17	M/s. Anupam Rathi HUF	36100	7.22
	TOTAL	500000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	1.03	1.13	2.01
Profit after Tax (PAT)	0.68	0.85	1.62
Equity Share Capital	50.00	50	45
Reserves and Surplus	19.63	18.95	5.59
Net Worth	69.63	68.95	50.59
NAV per Share (Rs.)	13.93	13.79	11.24
Earning per Share (Rs.)	0.14	0.17	0.36

PRANIKA LEASING & FINANCE PRIVATE LIMITED

Pranika Leasing And Finance Private Limited was incorporated as a private limited company on the 20th day of March 1992 vide Certificate of Incorporation No. 55-48100.

The main objects of this company, as set out in its Memorandum of Association, are:-

- To carry on and undertake the business of hire purchase leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of automobiles, immovable properties, plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidizing or financing the sale and maintenance of any goods, articles or commodities of every kind upon any terms and to purchase and sell of kind of immovable and moveable property such as land and buildings, plant and machinery, equipment, automobiles, computers, office equipments, households articles and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof of the property purchased and leased be new and/or used.*
- To carry on in India or elsewhere, the business of leasing and as such to give on lease all kind of equipments, plant and machineries, household articles, land, buildings, plots, agricultural land, plantations, vehicles of all types and such other movable and immovable properties, of all types rights, claims and such other interest thereof and to carry on hire purchase business as allowed by the Reserve Bank of India.*
- To provide a leasing and financing and advisory and counseling service to other entities on the leasing and financing business.*
- To carry out financing services such as factoring and making of loans both short and long terms, syndication of loans, fund planning and arranging of inter corporate loans.*

The registered office of the company is situated at E-24, Gali-5, 1st Floor, Pandav Nagar, Delhi-110092.

There are two (2) directors in its Board of Directors as on 01.09.2007, namely:

Name	Designation
Shri Surinder Kumar Lakhotia	Director
Shri Anil Bansal	Director

The authorized share capital of the company, as reflected in its Memorandum of Association, is Rs. 60,00,000/- (Rupees Sixty Lac Only) divided into 2,50,000 (Two Lac Fifty thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each 50,000 (Fifty Thousand) preference shares of Rs. 10/- each and 3,00,000 (Three Lac) 6% non cumulative convertible preference shares of Rs. 10/- (Rupees Ten) each.

Details of Equity Shareholders as on 01.09.2007

S. No.	Name	No. of Shares held	% Holding (Approx.)
1	Mrs. Parnika Rathi	22000	10.00
2	M/s. Anupam Rathi HUF	5000	2.27
3	Mrs. Nandita Rathi	5000	2.27
4	M/s. Uddhav Leasing and Finance (P) Ltd.	20000	9.09
5	M/s. Rathi Cereals (P) Ltd.	26000	11.82
6	Mr. Anurag Rathi	22000	10.00
7	Mrs. Pushpa Rathi	23000	10.45
8	M/s. Gayatri Udyog	50000	22.73
9	M/s. Parnika Investments (P) Ltd.	10000	4.55
10	Mr. Surinder Kumar Lakhotia	1000	0.45
11	Mr. Anil Bansal	1000	0.45
12	Mr. Anupam Rathi	20000	9.09
13	M/s. Anurag Rathi HUF	5000	2.27
14	M/s Yashwant Viniyog Ltd.	10000	4.55
	TOTAL	220000	100.00

The brief financial information of the company as per the audited Balance Sheet and Profit and Loss Account for the past three years are as below:

(Rs. in lacs)

Particulars	For the Financial Year Ended 31st March		
	2007	2006	2005
Total Income	2.26	1.01	2.01
Profit after Tax (PAT)	1.41	0.76	1.57
Equity Share Capital	22.00	22	20
Reserves and Surplus	3.29	1.88	1.12
Net Worth	25.29	23.88	21.12
NAV per Share (Rs.)	11.50	10.85	10.56
Earning per Share (Rs.)	0.64	0.35	0.79

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

Condition and Results of Operations As Reflected In the Financial Statements

You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and SEBI Guidelines, including the schedules, annexure and notes thereto and the reports thereon, which appear in this Prospectus, beginning on page 75. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements as restated. Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the twelve month period ended March 31 of that year.

Overview

We are an unlisted Public Limited Company. The Company is presently involved in the business of manufacturing Steel Bars and other allied products that are used in the construction of residential and commercial buildings, dams, bridges, flyovers, and plants as a basic reinforcement material.

We commenced our commercial production in 1996 with a turnover of Rs. 917.06 lacs. Our turnover has increased from Rs. 13685.71 Lacs in Fiscal 2005 to Rs. 19124.48 lacs in Fiscal 2007 by 39.74% and our profit after tax increased from Rs. 228.06 Lacs in Fiscal 2005 to Rs. 602.98 lacs in Fiscal 2007 by 164.40%.

Income

Our total income comprises of income from operations, which includes:

- income from manufacturing and sale of steel bars and allied products; and
- income from other sources.

The following discussion is based on our audited restated financial statements for fiscal 2005 2006, 2007 and three months period ending June 30 2007, which has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 months 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 (x) of this Prospectus

MATERIAL DEVELOPMENTS SINCE THE LAST AUDITED BALANCE SHEET

In the opinion of our Board of Directors, other than as disclosed in this Prospectus, there have not arisen any circumstances since June 30, 2007 which materially and adversely affect, and/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

Several factors have affected our results of operations, financial condition and cash flow over the past 3 years. These factors include the following:

Demand: 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. The demand for our products viz. Steel Bars is a derived demand, meaning that it is dependent upon the state and condition of the infrastructure, construction and housing industry. We have a very well diversified customer base and are not dependent on any major Customer. We further seek to expand our customer base.

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

Capacity: Currently, we have the capacity to manufacture 80000 MT of CTD/TMT bars at our Bhiwadi plant and the current production volume is around 67500 MT per annum. The Company has decided to develop and enlarge its business operations through its expansion and modernization plans. Under this plan, the Company intends to commence the production of steel billets besides increasing its existing production capacity by around 25%, which in turn will result in reduction in the cost of production and increase in sales and profitability.

Raw Material Prices: We outsource our critical raw materials viz. M.S. Ingot/ Billets and M.S. Scrap from local as well as outstation sources. Our Company has multiple suppliers for all key raw materials with cumulative capacities significantly higher than our requirements. Our ability to remain competitive and maintain our market share is dependant upon our ability to source adequate supply of the raw materials. Any delay or disruption in supply of raw material to our plant may affect our operations. However, we maintain an optimum inventory for our raw materials which is adequate for our requirements. Our finished products are CTD, TMT Bars, sales of which are normally made at prevailing market rates

which includes the impact of increase in cost of raw material, if any. We are also making efforts to enter into long term supply contracts with escalation clause in orders to minimize the impact of fluctuation in the prices of raw materials. For more information on these and other factors/developments, which have or may affect us financially, please see the section entitled "Risk Factors" section beginning on page (x) and the section entitled "Business Overview" beginning on page 41 of this prospectus.

Significant Accounting Policies

The significant accounting policies followed by the Company are as stated below:

- a) System of Accounting: The Company follows the mercantile system of accounting, recognizing income and expenditure on accrual basis. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not referred to specifically otherwise, are consistent with generally accepted accounting principles in India and the provisions of the Companies Act, 1956.
- b) Fixed assets and depreciation accounting:
 - i) Fixed assets are accounted for at cost of acquisition, inclusive of freight, duties, taxes, erection, installation and other incidentals related to acquisition and exclusive of excise CENVAT recoverable on purchase of capital goods.
 - ii) Depreciation on additions/deductions has been provided on day-to-day basis. Depreciation on fixed assets is charged as per written down method except the Induction Furnace, on which depreciation is charged as per straight line method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR-756 (E) dated 16th December, 1993. Rolls purchased are treated as part of plant & machinery and depreciation is calculated at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR-756 (E) dated 16th December, 1993.
- c) Investments are stated at cost.
- d) Inventories: Raw Material, Stores and Spare Parts, Oil & Fuel and Stores are valued at cost. Finished goods are valued at cost of production or net realizable value, whichever is less. Scrap is valued at net realizable value.
- e) Retirement benefits: No provision has been made for retirement benefit in respect of Gratuity and Leave Encashment and the same will be accounted on cash basis in the year of payment.
- f) Excise Duty has been accounted on the basis of payments made in respect of goods cleared from the factory premises and stock lying in the factory premises at the end of the fiscal year and CENVAT benefit is accounted for by reducing the purchase cost of the materials/capital goods.
- g) Sale includes excise duty.

SUMMARY OF FINANCIAL RESULTS

(Rs. in lacs)

PARTICULARS	AS AT 31.03.05	AS AT 31.03.06	AS AT 31.03.07	AS AT 30.06.07#
INCOME				
SALES	13,685.71	16,141.01	19,124.48	5,570.67
% Increase/Decrease	37.62	17.94	18.48	(70.87)
Other Income/ Job Work	21.66	365.78	169.83	2.38
% Increase/Decrease	32.23	1,588.73	(53.57)	(98.60)
Increase/(Decrease) in Stock	2.2	(238.96)	148.6	142.17
Total	13,709.57	16,267.82	19,442.90	5,715.21
% Increase/Decrease	35.60	18.66	19.52	(70.61)
EXPENDITURE				
Raw Material Consumed & Purchase	10,976.39	11,721.53	13,546.71	3,887.88
% to Income	80.06	72.05	69.67	20.00

Manufacturing Expenses	2,065.72	3,260.22	4,516.15	1,445.49
% to Income	15.07	20.04	23.23	7.43
Payment and provision for employees	35.82	37.05	50.64	14.98
% to Income	0.26	0.23	0.26	0.08
Administration & Other Expenses	198.74	353.22	258.63	59.23
% to Income	1.45	2.17	1.33	0.30
Miscellaneous Expenses written off	1.11	1.11	1.11	0.28
% to Income	0.01	0.01	0.01	0.00
Total	13,277.78	15,373.14	18,373.23	5,407.86
% to Income	96.85	94.50	94.50	27.81
Profit before Interest, Depreciation and Tax	431.8	894.69	1,069.67	307.36
Depreciation	105.68	158.16	193.37	41.69
Profit before Interest and Tax	326.12	736.52	876.3	265.67
Interest & Finance Charges	85.96	123.14	98.89	29.93
Loss on sale of Investment/Assets	0.2	1.38	0.02	0
Net Profit Before Tax	239.95	612	777.4	235.74
Less:- Provision for Income Tax for current year	3.59	19.27	24.15	43.29
Less:- Fringe Benefit Tax	0	2.69	3.07	0.3
Less:- IncomeTax For Earlier Years				
Less:- Provision for Deferred tax liabilities for the year	8.29	17.86	147.2	(0.17)
Less:- Provision for Gratuity up to 2001				
Profit after Tax	228.06	572.17	602.98	192.33
% to Income	1.66	3.52	3.10	0.99

Not comparable as the figures are not annualised.

BUSINESS PERFORMANCE

INCOME

Our Main source of income is from sale of long products (CTD and TMT) bars and other income that consists of non-operative income. The main reason behind increase in sales in recent years is boom in construction industry.

The following table sets forth our revenues and other income constituting towards total income during each of financial years 2005, 2006, 2007 and three months ended June 2007.

PARTICULARS	AS AT 31.03.05	AS AT 31.03.06	AS AT 31.03.07	(Rs. in lacs) AS AT 30.06.07
<u>INCOME</u>				
SALES	13,685.71	16,141.01	19,124.48	5,570.67
% Increase/Decrease	37.62	17.94	18.48	(70.87)
Other Income/ Job Work	21.66	365.78	169.83	2.38
% Increase/Decrease	32.23	1,588.73	(53.57)	(98.60)
Increase/(Decrease) in Stock	2.2	(238.96)	148.6	142.17
Total	13,709.57	16,267.82	19,442.90	5,715.21
% Increase/Decrease	35.60	18.66	19.52	(70.61)

EXPENSES

Our expenses mainly consist of the expenses incurred on raw material, manufacturing expenses, administration and finance Charges.

The following table depicts our various expenses for Fiscals ending March 2005 through March 2007 plus three months ending June 2007 and shows those expenses as a percentage of total expenses:

Particulars	FY 2005		FY 2006		FY 2007		JUNE 30 2006	
	Amount (In RS. Lacs)	% of total	Amount (In RS. Lacs)	% of total	Amount (In RS. Lacs)	% of total	Amount (In RS. Lacs)	% of total
Raw Material Purchased & Consumed	10976.39	81.49	11721.53	74.87	13546.71	72.58	3887.88	70.95
Manufacturing Expenses	2065.72	15.34	3260.22	20.82	4516.15	24.20	1445.49	26.38
Payment and provision for employees	35.82	0.27	37.05	0.24	50.64	0.27	14.98	0.27
Administration & Other Expenses	198.74	1.48	353.22	2.26	258.63	1.39	59.23	1.08
Miscellaneous Expenses written off	1.11	0.01	1.11	0.01	1.11	0.01	0.28	0.01
Depreciation	105.68	0.78	158.16	1.01	193.37	1.04	41.69	0.76
Interest & Finance Charges	85.96	0.64	123.14	0.79	98.89	0.53	29.93	0.55
Loss on sale of Investment/Assets	0.2	0.00	1.38	0.01	0.02	0.00	0	0.00
Total	13469.62	100.00	15655.81	100.00	18665.52	100.00	5479.48	100.00

RAW MATERIAL PURCHASED AND CONSUMED

The expenses have come down from 74.87% of the total expenses in the Fiscal 2006 to 72.58% in the Fiscal 2007 despite of increase in price of raw material.

MANUFACTURING EXPENSES

With the increased scale of operations of the company, manufacturing expenses have gone up from 20.82% of the total expenditure (Rs. 3260.22Lacs) in the Fiscal 2006 to 24.20% of the total expenditure (Rs. 4516.15 Lacs) in the Fiscal 2007. The increase is mainly due to power & fuel, excise duty on increased production..

ADMINISTRATIVE AND OTHER EXPENSES

Our Administrative expenses decreased from Rs.353.22 lacs for the Fiscal 2006 by approximately Rs.94.59 lacs to Rs. 258.63 lacs for the Fiscal 2007, reason being the Company paid the Sales Tax on regular basis and did not opt for the sales tax composition scheme. .

DEPRECIATION

Our depreciation expense has gone up from Rs.158.16 lacs in the Fiscal 2006 to Rs. 193.37 by 22.62% in the Fiscal 2007 because of the depreciation was charged on new machinery for induction furnace for the full year.

INTEREST AND FINANCE CHARGES

Interest and finance charges were incurred on Term Loans, cash credit limits and automobile loans, Bank charges etc. for business purposes. The interest and finance charges have decreased from Rs. 123.14 lacs in the Fiscal 2006 to Rs. 98.89 lacs in the Fiscal 2007 due to pay back in term liability.

The following table shows our various expenses for Fiscals 2004 through 2007 and shows those expenses as a percentage of net sales:

Particulars	FY 2005		FY 2006		FY 2007		June 30, 2007	
	Amount (In RS. Lacs)	% of total	Amount (In RS. Lacs)	% of total	Amount (In RS. Lacs)	% of total	Amount (In RS. Lacs)	% of total
Raw Material Consumed & Purchase	10,976.39	81.49	11,721.53	74.87	13,546.71	72.58	3,887.88	70.95
Manufacturing Expenses	2,065.72	15.34	3,260.22	20.82	4,516.15	24.20	1,445.49	26.38
Payment and provision for employees	35.82	0.27	37.05	0.24	50.64	0.27	14.98	0.27
Administration & Other Expenses	198.74	1.48	353.22	2.26	258.63	1.39	59.23	1.08
Miscellaneous Expenses written off	1.11	0.01	1.11	0.01	1.11	0.01	0.28	0.01
Depreciation	105.68	0.78	158.16	1.01	193.37	1.04	41.69	0.76
Interest & Finance Charges	85.96	0.64	123.14	0.79	98.89	0.53	29.93	0.55
Loss on sale of Investment/Assets	0.2	0.00	1.38	0.01	0.02	0.00	0	0.00
Total	13,469.62	100.00	15,655.81	100.00	18,665.52	100.00	5,479.48	100.00
Other Income	21.66	365.78	169.83	2.38				
Increase/Decrease in stock	2.20		(238.96)		148.60		142.17	
Total expenses Net of other income	13,447.96	98.26	15,290.03	94.73	18,495.69	96.71	5,477.10	98.32
Margin	237.75		850.98		628.79		93.57	
Net Sales	13685.71	100.00	16141.01	100.00	19124.48	100.00	5570.67	100.00

Our margins have decreased from Rs. 850.98 lacs in Fiscal 2006 to Rs. 628.79 in Fiscal 2007

REVIEW OF RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2007

INCOME

Our turnover was Rs. 5570.67 lacs during three months ended June 30, 2007. Our other income/job work was Rs. 2.38 lacs during three months ended June 30, 2007. There was increase in stock of Rs. 142.17 lacs during three months ended June 30, 2007.

Our total expenditure was Rs. 5407.86 lacs during three months ended June 30, 2007.

RAW MATERIAL PURCHASED AND CONSUMED

Raw Material Consumed and Purchased expenses were Rs. 3887.88 lacs during three months ended June 30, 2007.

MANUFACTURING EXPENSES

Our manufacturing expenses were Rs. 1445.49 lacs during three months ended June 30, 2007

PAYMENTS AND PROVISIONS FOR EMPLOYEES

The payments made and provided for employees was Rs. 14.98 lacs during three months ended June 30, 2007

ADMINISTRATIVE AND OTHER EXPENSES

Our Administrative expenses were Rs. 59.23 lacs during three months ended June 30, 2007

DEPRECIATION

Our depreciation expense was Rs. 41.69 lacs during three months ended June 30, 2007

INTEREST AND FINANCE CHARGES

The interest and finance charges were Rs. 29.93 lacs during three months ended June 30, 2007

NET PROFIT BEFORE TAXES

Our Net Profit before taxes were Rs. 235.74 lacs during three months ended June 30, 2007

TAXES

Our Taxes and provisions for taxes were Rs. 43.42 lacs during three months ended June 30, 2007. The Income tax liability was provided at Rs. 43.29 lacs during three months ended June 30, 2007. No Deferred tax liability was provided during three months ended June 30, 2007.

The Fringe benefit tax was Rs. 0.30 lacs during three months ended June 30, 2007

NET PROFIT

Our Net Profit was Rs. 192.33 lacs during three months ended June 30, 2007

FISCAL 2007 COMPARED WITH FISCAL 2006**SALES**

Our turnover increased from Rs. 16141.01 lacs for Fiscal 2006 by 2983.47 lacs (18.48%) to Rs. 19124.48 lacs for Fiscal 2007. This is because of increasing demand for construction materials particularly steel bars in the domestic market.

OTHER INCOME

Other income decreased from Rs. 365.78 lacs for the Fiscal 2006 by Rs. 195.95 lacs (-53.57%) to Rs. 169.83 lacs for the Fiscal 2007. The increase is result of negative return on investment by the company in market securities.

INCREASE/(DECREASE) IN STOCK

There was increase in stock from Rs. (238.96) lacs in the fiscal 2006 by Rs. 387.56 lacs (162.18%) to Rs. 148.60 lacs for the fiscal 2007.

RAW MATERIAL PURCHASED AND CONSUMED

Raw Material Purchased and Consumed have increased from Rs. 11721.53 lacs in the Fiscal 2006 by 1825.18 lacs (15.57%) to Rs. 13546.71 in the Fiscal 2007 due to increase in production.

MANUFACTURING EXPENSES

With the increased scale of operations of the company, manufacturing expenses have gone up from Rs. 3260.22 Lacs in the Fiscal 2006 by Rs. 1255.93 lacs (38.52%) to Rs. 4516.15 Lacs in the Fiscal 2007. The increased expenditure is mainly due to increase in Excise duty and educational cess on increased production, power & fuel expenses on induction furnace etc.

PAYMENTS AND PROVISIONS FOR EMPLOYEES

The payments and provisions for employees have increased from Rs. 37.05 lacs in the Fiscal 2006 by Rs. 13.59 lacs (36.68%) to Rs. 50.64 lacs in the Fiscal 2007 due to annual salary appraisals.

ADMINISTRATIVE AND OTHER EXPENSES

Our Administrative expenses decreased from Rs. 353.22 lacs for the Fiscal 2006 by Rs. 94.59 lacs (26.77%) to Rs. 258.63 lacs for the Fiscal 2007 as the company paid the Sales Tax on regular basis and did not opt for the sales tax composition scheme which resulted in increase in the administrative and other expenses during the last fiscal.

MISCELLANEOUS EXPENSES WRITTEN OFF

Our miscellaneous expenses were Rs. 1.11 lacs for the Fiscal 2006 and was the same for the Fiscal 2007.

DEPRECIATION

Our depreciation expense increased from Rs. 158.16 lacs in the Fiscal 2006 by Rs. 35.21 lacs (22.26%) to Rs. 193.37 lacs in the Fiscal 2007 because of the depreciation was charged on new machinery for induction furnace for the full year.

INTEREST AND FINANCE CHARGES

The interest and finance charges decreased from Rs. 123.14 lacs in the Fiscal 2006 by Rs. 24.25 lacs (19.69%) to Rs. 98.89

lacs in the Fiscal 2007 lacs due to pay back in term liabilities.

LOSS ON SALE OF INVESTMENTS/ASSETS

The Loss on sale Of investments/Assets decreased from Rs. 1.38 lacs in the Fiscal 2006 by Rs. 1.36 lacs (98.55%) to Rs. 0.02 lacs in the Fiscal 2007 lacs due to sale of obsolete vehicles.

NET PROFIT BEFORE TAXES

Our Net Profit before taxes increased from Rs.612.00 lacs for the Fiscal 2006 by Rs.165.40 lacs (27.02%) to Rs. 777.40 lacs for the Fiscal 2007. The increase in profits is due to better margins on realization and reduction in overall costs.

TAXES

Our Provision for Taxes increased from Rs. 19.27 lacs for the Fiscal 2006 by Rs.4.88 lacs (25.32%) to Rs. 24.15 lacs for the Fiscal 2007. This is due to increase in taxable income.

Our Fringe Benefits Taxes increased from Rs. 2.69 lacs for the Fiscal 2006 by Rs. 0.38 lacs (14.12%) to Rs. 3.07 lacs for the Fiscal 2007. This is due to increase in the of Fringe Benefit Taxes liability.

Our Deferred tax liability increased from Rs. 17.86 lacs for the Fiscal 2006 by Rs.129.34 lacs (724.18%) to Rs. 147.20 lacs for the Fiscal 2007. This is due to increase/decrease in asset base and rate of depreciation.

NET PROFIT

Our Net Profit after taxes increased from Rs.572.17 lacs for the Fiscal 2006 by Rs.30.81 lacs (5.38%) to Rs. 602.98 lacs for the Fiscal 2007. The increase in profits is due to better sales margins and reduction in overall costs.

REVIEW OF FINANCIAL POSITION

FIXED ASSETS

Our Net Fixed Assets decreased from Rs. 1766.78 lacs for the Fiscal 2006 by Rs.144.11 lacs (8.15%) to Rs. 1622.67 lacs for the Fiscal 2007. The decrease in net fixed assets is due to increase in depreciation.

INVESTMENTS

Our investments increased from Rs. 94.05 lacs for the Fiscal 2006 by Rs. 213.28 lacs (226.77%) to Rs. 307.33 lacs for the Fiscal 2007. The increase in investments is due to investments in marketable securities.

NET DEFERRED TAX ASSETS

Net deferred tax assets have decreased from Rs. 1.05 lacs for the fiscal 2006 by Rs. 145.10 lacs to Rs. (146.15) lacs for the fiscal 2007. This is due to increase/decrease in block of assets and depreciation charged thereon.

CURRENT ASSETS, LOANS AND ADVANCES

Current assets consist of inventories, sundry debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the growth of our business activities.

Our Current Assets increased from Rs.2726.30 lacs for the Fiscal 2006 by Rs.576.96 lacs (21.16%) to Rs. 3303.26 lacs for the Fiscal 2007. The increase is due to sundry debtors and loans and advances.

Debtors increased from Rs.1040.07 for the Fiscal 2006 by Rs. 516.73 lacs (49.68%) to Rs. 1556.80 lacs for the Fiscal 2007.

Loans and Advances increased from Rs.645.07 lacs for the Fiscal 2006 by Rs. 287.55 lacs (44.57%) to Rs.932.62 lacs for the Fiscal 2007 because of advances made to suppliers for procurement of materials.

CURRENT LIABILITIES AND PROVISIONS

Current liabilities and provisions increased from Rs.1091.57 lacs for the Fiscal 2006 by Rs. 104.02 lacs (9.53%) to Rs.1195.59 lacs for the Fiscal 2006 because of increase production.

NET WORTH

Net Worth increased from Rs. 2045.31 lacs for the Fiscal 2006 by Rs. 586.57 lacs (28.68%) to Rs.2631.88 for the Fiscal 2007. This is due to retained profit by the company.

RESERVES & SURPLUSES

Reserves & Surpluses increased from Rs. 1523.63 lacs for the Fiscal 2006 by Rs. 209.24 lacs (13.73%) to Rs.1732.87 lacs for the Fiscal 2007. This is due to retained profit by the company.

FISCAL 2006 COMPARED WITH FISCAL 2005

SALES

Our turnover increased from Rs. 13685.71 lacs for Fiscal 2005 by 2455.30 lacs (17.94%) to Rs. 16141.01 lacs for Fiscal 2006. This is because of increasing demand for construction materials particularly steel bars in the domestic market .

OTHER INCOME

Other income increased from Rs. 21.66 lacs for the Fiscal 2005 by Rs. 344.12 lacs (1588.73%) to Rs. 365.78 lacs for the Fiscal 2006 . The increase is result of return on investment by the company in market securities.

INCREASE/(DECREASE) IN STOCK

There was decrease in stock from Rs.. 2.20 lacs in the fiscal 2005 by Rs. 241.16 lacs (10961.82%) to Rs. 238.96 lacs for the fiscal 2006. The decrease is as a result of volatile steel prices.

RAW MATERIAL PURCHASED AND CONSUMED

Raw Material Purchased and Consumed have increased from Rs. 10976.39 lacs in the Fiscal 2005 by 745.14 lacs (6.79%) to Rs. 11721.53 in the Fiscal 2006 due to increase in production.

MANUFACTURING EXPENSES

With the increased scale of operations of the company, manufacturing expenses have gone up from Rs. 2065.72 Lacs in the Fiscal 2005 by Rs. 1194.50 lacs to Rs. 3260.22 Lacs (57.82%) in the Fiscal 2006. The increased expenditure is mainly due to increase in Excise duty and educational cess on increased production, power & fuel expenses on induction furnace etc.

PAYMENTS AND PROVISIONS FOR EMPLOYEES

The payments and provisions for employees have increased from Rs.35.82 lacs (by 3.43%) in the Fiscal 2005 by Rs. 1.23 lacs to Rs.37.05 lacs in the Fiscal 2006 due to annual salary appraisals.

ADMINISTRATIVE AND OTHER EXPENSES

Our Administrative expenses increased from Rs. 198.74 lacs for the Fiscal 2005 by Rs.154.48 (77.73%) lacs to Rs. 353.22 lacs for the Fiscal 2006 mainly due to increase in sales tax under composition scheme etc.

MISCELLANEOUS EXPENSES WRITTEN OFF

Our miscellaneous expenses were Rs. 1.11 lacs for the Fiscal 2005 and was the same during the for the Fiscal 2006.

DEPRECIATION

Our depreciation expense increased from Rs.105.68 lacs in the Fiscal 2005 by Rs. 52.48 lacs (49.66%) to Rs. 158.16 lacs in the Fiscal 2006 because of installation of machinery for our backward integration project.

INTEREST AND FINANCE CHARGES

The interest and finance charges increased from Rs. 85.96 lacs in the Fiscal 2005 by Rs. 37.18 lacs (43.25%) to Rs. 123.14 in the Fiscal 2006 lacs due to increase in term liabilities.

LOSS ON SALE OF INVESTMENTS/ASSETS

The Loss on sale Of investments/Assets increased from Rs. 0.20 lacs in the Fiscal 2005 by Rs. 1.18 lacs (590.00%) to Rs. 1.38 lacs in the Fiscal 2006 lacs due to sale of obsolete vehicles.

NET PROFIT BEFORE TAXES

Our Net Profit before taxes increased from Rs.239.95 lacs for the Fiscal 2005 by Rs.372.05 lacs (155.05%) to Rs. 612.00 lacs for the Fiscal 2006. the increase in profits is due to better margins on realization and reduction in overall costs.

TAXES

Our Provision for Taxes increased from Rs. 3.59 lacs for the Fiscal 2005 by Rs.15.68 lacs (436.77%) to Rs. 19.27 lacs for the Fiscal 2006. This is due to increase in taxable income.

Our Fringe Benefits Taxes increased from Rs. 0.00 lacs for the Fiscal 2005 by Rs.2.69 lacs to Rs. 2.69 lacs for the Fiscal 2006. This is due to introduction of Fringe Benefit Taxes by the Government.

Our Deferred tax liability increased from Rs. 8.29 lacs for the Fiscal 2005 by Rs.9.57 lacs (115.44%) to Rs. 17.86 lacs for the Fiscal 2006. This is due to increase/decrease in asset base and rate of depreciation.

NET PROFIT

Our Net Profit after taxes increased from Rs.228.06 lacs for the Fiscal 2005 by Rs.344.11 lacs (150.89%) to Rs. 572.17 lacs for the Fiscal 2006. The increase in profits is due to better margins on realization and reduction in overall costs.

REVIEW OF FINANCIAL POSITION

FIXED ASSETS

Our Net Fixed Assets increased from Rs.1599.68 lacs for the Fiscal 2005 by Rs.167.10 lacs (10.44%) to Rs. 1766.78 lacs for the Fiscal 2006. The increase in net fixed assets is due to additions made to the gross block.

INVESTMENTS

Our investments decreased from Rs.216.63 lacs for the Fiscal 2005 by Rs.122.58 lacs (56.58%) to Rs. 94.05 lacs for the Fiscal 2006. The decrease in investments is due to realization by way of selling of securities which is reflected in other income.

NET DEFERRED TAX ASSETS

NET DEFERRED TAX ASSETS have decreased from 18.91 lacs for the Fiscal 2005 by Rs. 17.86 lacs (94.45%) to Rs. 1.05 lacs for the Fiscal 2006. This is due to increase/decrease in block of assets and depreciation charged thereon.

CURRENT ASSETS, LOANS AND ADVANCES

Current assets consist of inventories, sundry debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the growth of our business activities.

Our Current Assets increased from Rs.2161.87 lacs for the Fiscal 2005 by Rs.564.43 lacs (26.11%) to Rs. 2726.30 lacs for the Fiscal 2006. The increase is due to sundry debtors and loans and advances.

Debtors increased from Rs.561.83 for the Fiscal 2005 by Rs. 474.24 lacs (85.12%) to Rs. 1040.07 lacs for the Fiscal 2006.

Loans and Advances increased from Rs.483.68 lacs for the Fiscal 2005 by Rs. 161.39 lacs (33.37%) to Rs.645.07 lacs for the Fiscal 2006 because of advances made to suppliers for procurement of materials.

CURRENT LIABILITIES AND PROVISIONS

Current liabilities and provisions increased from Rs.962.86 lacs for the Fiscal 2005 by Rs. 128.71 lacs (13.37%) to Rs.1091.57 lacs for the Fiscal 2006 because of increase production.

NET WORTH

Net Worth increased from Rs. 1472.03 lacs for the Fiscal 2005 by Rs. 573.28 lacs (38.94%) to Rs.2045.31 for the Fiscal 2006. This is due to retained profit by the company.

RESERVES & SURPLUSES

RESERVES & SURPLUSES increased from Rs. 951.46 lacs for the Fiscal 2005 by Rs. 572.17 lacs (60.14%) to Rs.1523.63 lacs for the Fiscal 2006. This is due to retained profit by the company.

FISCAL 2005 COMPARED WITH FISCAL 2004

REVIEW OF RESULTS OF OPERATIONS

SALES

Our turnover increased from Rs. 9944.30 lacs for Fiscal 2004 by 3741.41 lacs (37.62%) to Rs. 13685.71 lacs for Fiscal 2005. This is because of increasing demand for construction materials particularly steel bars in the domestic market.

OTHER INCOME

Other income increased from Rs. 16.38 lacs for the Fiscal 2004 by Rs. 5.28 lacs (32.23%) to Rs. 211.66 lacs for the Fiscal 2005. The increase is result of return on investment by the company in market securities.

INCREASE/(DECREASE) IN STOCK

There was decrease in stock from Rs. 149.78 lacs in the fiscal 2004 by Rs. 147.58 lacs (98.53%) to Rs. 2.20 lacs for the fiscal 2005. The decrease is as a result of volatile steel prices.

RAW MATERIAL PURCHASED AND CONSUMED

Raw Material Purchased and Consumed have increased from Rs. 7801.41 lacs in the Fiscal 2004 by 3174.98 lacs (40.70%) to Rs. 10976.39 in the Fiscal 2005 due to increase in production.

MANUFACTURING EXPENSES

With the increased scale of operations of the company, manufacturing expenses have gone up from Rs. 1760.22 Lacs in the Fiscal 2004 by Rs. 305.50 lacs (17.36%) to Rs. 2065.72 in the Fiscal 2005. The increased expenditure is mainly due to increase in Excise duty and educational cess on increased production, power & fuel expenses on induction furnace etc.

PAYMENTS AND PROVISIONS FOR EMPLOYEES

The payments and provisions for employees have increased from Rs.30.29 lacs in the Fiscal 2004 by Rs. 5.53 lacs (18.26%) to Rs.35.82 lacs in the Fiscal 2005 due to annual salary appraisals.

ADMINISTRATIVE AND OTHER EXPENSES

Our Administrative expenses increased from Rs. 126.86 lacs for the Fiscal 2004 by Rs.71.88 (56.66%) lacs to Rs. 198.74 lacs for the Fiscal 2005 mainly due to increase in advertising expenses, insurance.

MISCELLANEOUS EXPENSES WRITTEN OFF

Our miscellaneous expenses increased from Rs. 1.01 lacs for the Fiscal 2004 by Rs.0.10 (9.90%) to Rs. 1.11 lacs for the Fiscal 2005 mainly due to increase in pre-operative expenses.

DEPRECIATION

Our depreciation expense increased from Rs.79.89 lacs in the Fiscal 2004 by Rs. 25.79 lacs (32.28%) to Rs. 105.68 lacs in the Fiscal 2005 because of installation of machinery for our backward integration project.

INTEREST AND FINANCE CHARGES

The interest and finance charges increased from Rs. 61.78 lacs in the Fiscal 2004 by Rs. 24.18 lacs (39.14%) to Rs. 85.96 in the Fiscal 2005 lacs due to increase in term liabilities.

LOSS ON SALE OF INVESTMENTS/ASSETS

The Loss on sale of investments/Assets increased from Rs. 0.00 lacs in the Fiscal 2004 by Rs. 0.20 lacs (0%) to Rs. 0.20 lacs in the Fiscal 2005 lacs due to sale of obsolete vehicles.

NET PROFIT BEFORE TAXES

Our Net Profit before taxes decreased from Rs.249.01 lacs for the Fiscal 2004 by Rs.(9.06) lacs (3.64%) to Rs. 239.95 lacs for the Fiscal 2005. The decrease in profits is due to installation of new machinery and depreciation charged.

TAXES

Our Provision for Taxes increased from Rs. 0 lacs for the Fiscal 2004 by Rs.3.59 lacs (nil%) to Rs. 3.59 lacs for the Fiscal 2005. This is due to increase in taxable income.

Our Deferred tax liability increased from Rs. 0.38 lacs for the Fiscal 2004 by Rs.7.91 lacs (2081.58%) to Rs. 8.29 lacs for the Fiscal 2005. This is due to increase/decrease in asset base and rate of depreciation.

NET PROFIT

Our Net Profit after taxes decreased from Rs.248.63 lacs for the Fiscal 2004 by Rs.(20.57) lacs (8.27%) to Rs. 228.06 lacs for the Fiscal 2005. The decrease in profits is due to installation of new machinery and depreciation charged.

REVIEW OF FINANCIAL POSITION

FIXED ASSETS

Our Net Fixed Assets increased from Rs.937.45 lacs for the Fiscal 2004 by Rs.737.85 lacs (78.71%) to Rs. 1675.30 lacs for the Fiscal 2005. The increase in net fixed assets is due to additions made to the gross block.

INVESTMENTS

Our investments increased from Rs.0.62 lacs for the Fiscal 2004 by Rs.216.01 lacs (34840.32%) to Rs. 216.63 lacs for the Fiscal 2005. The increase in investments is due to deployment of funds in securities market.

NET DEFERRED TAX ASSETS

Net Deferred Tax Assets have decreased from 27.21 lacs for the Fiscal 2004 by Rs. 8.30 lacs (3.50%) to Rs. 18.91 lacs for the Fiscal 2005. This is due to increase/decrease in block of assets and depreciation charged thereon.

CURRENT ASSETS, LOANS AND ADVANCES

Current assets consist of inventories, sundry debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the growth of our business activities.

Our Current Assets increased from Rs. 1939.99 lacs for the Fiscal 2004 by Rs.221.88 lacs (11.44%) to Rs. 2161.87 lacs for the Fiscal 2005. The increase is due to sundry debtors and loans and advances.

Debtors increased from Rs.569.81 lacs for the Fiscal 2004 by Rs. 92.02 lacs (19.59%) to Rs. 561.83 lacs for the Fiscal 2005.

Loans and Advances increased from Rs.461.35 lacs for the Fiscal 2004 by Rs. 22.33 lacs (4.84%) to Rs.483.68 lacs for the Fiscal 2005 because of advances made to suppliers for procurement of materials.

CURRENT LIABILITIES AND PROVISIONS

Current liabilities and provisions increased from Rs.765.91 lacs for the Fiscal 2004 by Rs. 196.95 lacs (25.71%) to Rs.962.86 lacs for the Fiscal 2005 because of increase production.

NET WORTH

Net Worth increased from Rs. 1068.35 lacs for the Fiscal 2004 by Rs. 403.68 lacs (37.79%) to Rs.1472.03 lacs for the Fiscal 2005. This is due to retained profit by the company.

RESERVES & SURPLUSES

Reserves & Surpluses increased from Rs. 723.40 lacs for the Fiscal 2004 by Rs. 228.06 lacs (31.53%) to Rs.951.46 lacs for the Fiscal 2005. This is due to retained profit by the company.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines:

1. Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place.

2. Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Volatility in foreign exchange rates may have an inflationary effect on the Indian Economy thereby resulting in higher cost of our inputs.

Except the above, there are no significant economic changes that materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties

Apart from the risks as disclosed in this Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

4. Future relationship between costs and revenue

The expansion of the current operations would enable the Company to procure raw materials in bulk locally as well as imported from the direct manufacturers. This would in turn result in negotiating for competitive prices and help the Company to achieve economies of scale.

5. Reason for increase in sales/revenue

The increase in sales is mainly due to increased volume in demand for steel caused by the boom in the construction industry .

6. Total turnover of the Industry

Please refer to the section on “Industry Overview” referred on page 33 of this Prospectus.

7. New products introduced in the year 2006

We have not introduced any new products in the year 2006.

8. Seasonality of business

None of the Company’s products sold are seasonal in nature.

9. Over dependence on Single supplier/Customer

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. Also, the Company is not excessively dependent on a single customer for its sales.

10. 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. All these things have been helping the Company to stand against the competition.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no:

1. Pending litigations against the issuer company or against any other company whose outcome could have a materially adverse effect on the position of the issuer Company.
2. Pending litigations against the directors of the issuer Company involving violation of statutory regulations or alleging criminal offence.
3. Pending proceedings initiated for economic offences against the directors, the promoter, companies and firms promoted by the promoter.
4. Past cases in which penalties were imposed by the concerned authorities on the issuer company or its directors.
5. Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the issuer company, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.
6. Pending litigations in which the promoters are involved, defaults to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoters.
7. Defaults, etc. in respect of companies/ firms/ ventures with which the promoters were associated in the past but are no longer associated in cases where their names continue to be associated with particular litigation(s).
8. Litigations against the promoter involving violation of statutory regulations or alleging criminal offence.
9. Pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters.
10. Past cases in which penalties were imposed by the concerned authorities.
11. Small scale undertaking(s) or any other creditors to whom the issuer company owes a sum exceeding Rs. 1 lac which is outstanding more than 30 days.

A) OUTSTANDING LITIGATIONS AGAINST THE COMPANY

PERTAINING TO CRIMINAL LAWS: NIL

PERTAINING TO SECURITIES LAWS: NIL

PERTAINING TO STATUTORY LAWS:

I SALES TAX (RAJASTHAN)

1. **Rathi Bars Limited v/s The Assistant Commercial Tax Officer (flying squad), Alwar, Rajasthan.**

The Assistant Commercial Tax Officer (flying squad), Alwar, Rajasthan passed an order dated 01.06.99 during assessment year 1999-2000 imposing a penalty of Rs. 28,200/- under Section 78(5) of Rajasthan Sales Tax Act, 1994 for not carrying adequate documents in the course of transportation of goods. The company has deposited the penalty and preferred an appeal against the said order before the Deputy Commissioner Commercial Taxes (Appeal-II), Jaipur vide appeal memo dated 10.07.1999. The notice for hearing of appeal has not yet been received by the Company and the appeal is pending adjudication. If the appeal fails, the amount already deposited, will not be refunded to the Company.

2. **Rathi Bars Limited v/s The Assistant Commercial Tax Officer (flying squad), Alwar, Rajasthan.**

The Assistant Commercial Tax Officer (flying squad), Alwar, Rajasthan passed an order dated 02.02.2000 during assessment year 2000-2001 imposing a penalty of Rs. 43,958/- under Section 78(5) of Rajasthan Sales Tax Act, 1994, for not carrying adequate documents in the course of transportation of goods. The Company has deposited the penalty and preferred an appeal against the said order before the Appellant Authority-II, Commercial Taxes (Appeals), Jaipur vide appeal memo dated 29.3.2000. The notice for hearing of appeal has not yet been received by the company and the appeal is pending adjudication. If the appeal fails, the amount already deposited, will not be refunded to the company.

3. Rathi Bars Limited v/s The Assistant Commercial Tax Officer, Ward-II, Circle-B, Alwar, Rajasthan

The Assistant Commercial Tax Officer, Ward-II, Circle-B, Alwar, Rajasthan passed an order dated 26.06.2001 during the assessment year 2001-02 imposing a penalty of Rs. 43,400/- under Section 78(5) of Rajasthan Sales Tax Act, 1994 for not carrying adequate documents in the course of transportation of goods. The Company has deposited the penalty and preferred an appeal against the said order before the Deputy Commissioner of Commercial Taxes (Appeal-II), Jaipur vide appeal memo dated 26.07.2001. The notice for hearing of appeal has not yet been received by the company and the Appeal is pending adjudication. If the appeal fails, the amount already deposited will not be refunded to the company.

4. Rathi Bars Limited v/s The Assistant Commercial Tax Officer, (flying squad), Alwar, Rajasthan.

The Assistant Commercial Tax Officer (flying squad), Alwar, Rajasthan passed an order dated 25.08.2004 during the assessment year 2004-05 imposing a penalty of Rs. 63,547/- under Section 78(5) of Rajasthan Sales Tax Act, 1994 for not carrying adequate documents in the course of transportation of goods. The Company has deposited the penalty and preferred an appeal against the said order before the Deputy Commissioner (Appeals) Commercial Taxes, Bharatpur on 15.09.2004. The Notice for hearing of appeal has not yet been received by the company and the appeal is pending adjudication. If the appeal fails, the amount already deposited will not be refunded to the company.

5. Rathi Bars Limited v/s The Assistant Commercial Tax Officer, Ward-2 (Anti Evasion), Alwar, Rajasthan

The Assistant Commercial Tax Officer (Flying Squad), Head quarter, Bhiwadi, Alwar (Rajasthan) passed an order dated 20.11.2004 during assessment year 2004-05 imposing a Penalty of Rs. 69,253/- under Section- 78(5) of Rajasthan Sales Tax Act, 1994 for not getting the documents stamped at the nearest check post while transporting the goods. The Company deposited the penalty and preferred an appeal against the said order before the Deputy Commissioner (Appeals) Commercial Taxes, Bharatpur on 18.01.2005. The said appeal has been decided in favour of the Company and Refund Adjustment Order has been passed on 8.06.2007. The department may file an appeal against the order. However the company has not yet received any intimation of departmental appeal having been filed against this order.

6. Rathi Bars Limited v/s The Assistant Commissioner, Commercial Tax Officer, (Anti Evasion-III) Jaipur, Rajasthan

The Assistant Commissioner, Commercial Tax Officer, (Anti Evasion-III) Jaipur, Rajasthan passed an order dated 17.10.2005 raising a demand of Rs. 1,82,394/- for the period 01.02.2000 to 31.03.2000 under section 30, 58 and 65 of Rajasthan Sales Tax Act, 1994 on account of tax, unaccounted sales, interest and penalty thereon. The company preferred an appeal before Dy. Commissioner (Appeal) Commercial Taxes, Bharatpur against the said order on 2.12.2005. The said appeal was decided vide order dated 25.1.2007 and the case has been remanded back to the Assessing Officer for reassessment. Hence the demand of Rs. 1,82,394/- stands cancelled. However, the Assessing Officer may raise a fresh demand based on the said reassessment.

7. Rathi Bars Limited v/s The Assistant Commissioner, Commercial Tax Officer, (Anti Evasion-III) Jaipur, Rajasthan

The Assistant Commissioner, Commercial Tax Officer, (Anti Evasion-III) Jaipur, Rajasthan passed an order dated 29.09.2005 raising a demand of Rs. 2,39,00,284/- for the assessment year 2002-03 under section 29(7), 58 and 65 of Rajasthan Sales Tax Act, 1994 on account of tax on unaccounted sales and penalty & interest thereon. The Company preferred an appeal before Dy. Commissioner (Appeal) Commercial Taxes, Bharatpur against the said order on 02.12.2005. The said appeal was decided vide order dated 25.1.2007 and the case has been remanded back to the Assessing Officer for reassessment. Hence the demand of Rs. 2,39,00,284/- stands cancelled. However, the Assessing Officer may raise a fresh demand based on the said reassessment.

8. Rathi Bars Limited v/s Asst. Commissioner, Anti-Evasion, Jaipur-III, Rajasthan

The Asst. Commissioner, Commercial Tax (Anti Evasion-III) Jaipur, Rajasthan passed an order dated 29.9.2005 raising a demand of Rs. 13,81,983/- for the assessment year 2002-2003 under section 9(2) of Central Sales Tax Act on account of the following grounds:

- (a) Company's claims for relief based on turn over under Central Sales Tax vide 'Sales Tax Incentive Scheme-1987'.
- (b) Non furnishing of Form-C.
- (c) Penalty for late filing of Sales Tax Return.

The Commissioner (Appeals) vide its order dated 25.1.2007 has held as under:

- (a) The Company's application for exemption under Sales Tax Incentive Scheme-1987 is not allowed since the Company has not produced the requisite exemption certificate from the Tax Board.
- (b) The Company has been given an opportunity to produce the balance Form-C before the Assessing officer and the Assessing officer has been directed to accept such Form-C and allow appropriate relief.
- (c) The Assessing officer has been directed to issue a show cause notice to the Company for imposing a penalty of Rs. 330/-.

Therefore the demand of Rs. 13,81,983/- has to be reassessed by the Assessing Officer on basis of the above direction of Commissioner (Appeals). Such reassessment by the Assessing Officer is pending.

**9. Rathi Bars Limited v/s Asst. Commissioner, Anti-Evasion, Jaipur-III,
Rajasthan**

The Asst. Commissioner, Commercial tax (Anti Evasion-III) Jaipur, Rajasthan passed an order dated 29.9.2006 raising a demand of Rs. 6,82,65,063/- for the assessment year 2003-04 under section 29(7), 58 and 65 of Rajasthan Sales Tax Act, 1994 on account of tax on unaccounted sales and penalty & interest thereon. The Company preferred an appeal before Dy. Commissioner (Appeal) Commercial Taxes, Bharatpur against the said order dated 17.01.2007. The appeal is pending adjudication. If the appeal is failed the Company will have to pay a Rs. 6,82,65,063/- together with up to date interest.

**10. Rathi Bars Limited v/s Asst. Commissioner, Anti-Evasion, Jaipur-III,
Rajasthan**

The Asst. Commissioner, Commercial Tax (Anti Evasion-III) Jaipur, Rajasthan passed an order dated 29.9.2006 raising a demand of Rs.13,43,891/- for the assessment year 2003-2004 under section 9(2) of Central Sales Tax Act on account of tax on unaccounted sales and interest thereon. The Company preferred an appeal before Deputy Commissioner (Appeal), Bharatpur against the said order on 17.01.2007. The appeal is pending adjudication. If the appeal fails the Company will have to pay Rs.13,43,891/- together with up to date interest.

II. SALES TAX (DELHI)

1. Rathi Bars Limited V/s The Sales Tax Officer, ward-94, New Delhi

The Sales Tax Officer Ward-94, New Delhi passed an order dated 21.3.2004 creating a demand of Rs. 12,15,164/- for the assessment year 2002-03 which includes sales tax of Rs. 10,29,800/- and interest of Rs. 18,364/- pursuant to the search conducted in the premises of the Company. The Company deposited a sum of Rs. 5,664/- as admitted tax and interest thereon and preferred an appeal against the said order before the Dy. Commissioner-I (Appeal) Sales Tax, New Delhi vide appeal memo dated 14.05.2004. The Dy. Commissioner-I (Appeal) has passed an interim order dated 20.4.2007 staying the demand if the company deposits a sum of Rs. 60,000/- as precondition for hearing of the said appeal. The company has deposited the sum of Rs. 60,000/- on 27.4.2007. The notice for hearing of appeal has not yet been received by the Company and the appeal is pending adjudication. If the appeal fails, the balance amount of Rs. 11,49,500/- together with upto date interest will be payable by the Company.

III. EXCISE CASES

1. The Commissioner of Central Excise-I, Jaipur Vs. Rathi Bars Limited

The Deputy Commissioner, Customs and Central Excise, Jaipur passed an order dated 26.02.2002 imposing a penalty of Rs. 17,16,340/- under IV proviso of Rule 96ZP (3) ibid of the Central Excise Rules, 1994 together with interest of Rs. 538/- It passed another order dated 28.01.2002 imposing a penalty of Rs. 1,14,24,930/- under the IV proviso of Rule 96ZP (3) ibid of the Central Excise Rules, 1994. The Company filed appeals against the said two orders before the Commissioner (Appeal-I) Customs & Central Excise, Jaipur, who vide his common order dated 19.04.2005 confirmed a consolidated penalty of Rs. 8,00,000/- against the above two orders. The Company deposited the penalty amount.

The Commissioner, Central Excise-I, Jaipur has filed appeals against the order of Commissioner (Appeal-I) Customs & Central Excise, Jaipur dated 19.04.2005 before the Custom and Excise Tribunal New Delhi. The appeal is pending adjudication. If the appeal fails, the Company may have to pay the balance of Rs. 1,23,41,808/- together with up to date interest.

2. Show Cause Notice dated 1.5.2006 issued by the Commissioner of Central Excise, Jaipur-I

The Commissioner of Central Excise, Jaipur-I, has issued a show cause notice dated 1.5.2006 to the Company pointing out an evasion of central excise duty by the Company amounting to Rs. 9,84,65,759/- during the year 2001-02. The Company along with other noticees has submitted its reply. Adjudication of the said show cause notice is pending. If the show cause notice is confirmed, the Company may have to pay Rs. 9,84,65,759/- together with interest and penalty as may be imposed on the Company.

IV. COMPANY LAW MATTERS:

1. Deepak Casting Ltd. V/s Rathi Bars Limited

Deepak Casting Ltd. has filed a winding up petition before the Hon'ble Delhi High Court under Section-433(e) of the Companies Act, 1956 on the ground that a sum of Rs. 43,75,630/- is the debt due from the Company and the Company is unable to pay such debts. The Hon'ble High Court passed an order on 7.1.2003 and directed the Company to deposit the disputed amount in the Court. The Company filed an appeal against the said order on 03.02.2003 on the ground that no amount is due since the goods supplied by Deepak Casting Ltd. were defective and hence returned back to them. The said appeal filed by the Company has finally been decided against the Company and the Company has deposited the amount of Rs. 43,75,630/- with the Registrar, High Court of Delhi on 24.4.2007. The winding up petition against the Company is pending adjudication.

V. PERTAINING TO CIVIL LAWS: NIL

VI. ARBITRATION MATTERS: NIL

VII. PERTAINING TO LABOUR LAWS: NIL

B. PENDING LITIGATION BY THE COMPANY

I) PERTAINING TO CIVIL LAWS:

1. Rathi Bars Limited v/s Modi Institute of Education & Research, New Delhi

The Company has filed a suit for recovery of Rs. 1,82,315/- on 5.11.1998 against Modi Institute of Education & Research, Ajmer, Rajasthan. The suit is pending adjudication. If the Company does not succeed it will not get the sum of Rs. 1,82,315/-.

2. Prem Ratan Rathi, Rathi Bars Limited and others v/s Ashish trading Company and Golden Rathi Star Industries Limited.

The Company along with others had filed a suit for permanent injunction before the Hon'ble High Court of Delhi on 20.09.2005 against Ashish Iron Trading Company and Golden Rathi Star Industries Ltd. for restraining them to use the Trade Mark "RATHI®". The Hon'ble High Court of Delhi has passed an interim order dated 04.10.2005 in favour of the Company restraining Ashish Iron Trading Company and Golden Rathi Star Industries Ltd. to use the said Trade Mark "RATHI®". If the Company does not succeed Ashish Iron Trading Company and Golden Rathi Star Industries Ltd. may also use the Trade Mark "RATHI®" in relation to their products.

PENDING LITIGATION AGAINST THE PROMOTERS

1. Sargodha Vihar Co-operative Housing Society Ltd. V/s Gordhan Dass Rathi Steels Limited & others.

Sargodha Vihar Co-operative Housing Society Ltd., New Delhi, ("Society") has filed a criminal complaint on 18.3.1998 under Sections 420, 406, 120-B of the Indian Penal Code, 1860 against two Promoters of the Company namely, Shri Kamlesh Kumar Rathi and Shri Anupam Rathi on the ground that they were the

Directors of the Company named Gordhan Das Rathi Steels Ltd. which has not allegedly supplied the goods amounting to Rs. 10,05,737/- to the said Society hence attracts the provisions of criminal breach of trust, cheating and criminal conspiracy. The trial is at the stage of recording of pre-charge evidence.

PENDING LITIGATION BY PROMOTERS: NIL

PENDING LITIGATION AGAINST THE DIRECTORS:

One criminal case is pending against the Directors, namely, Shri Kamlesh Kumar Rathi and Shri Anupam Rathi, the details of which are stated above.

PENDING LITIGATION BY THE DIRECTORS: NIL

PENDING LITIGATION AGAINST THE GROUP COMPANIES OF THE COMPANY: NIL

PENDING LITIGATION BY THE GROUP COMPANIES OF THE COMPANY: NIL

SMALL SCALE UNDERTAKING(S) OR ANY OTHER CREDITORS TO WHOM THE ISSUER COMPANY OWES A SUM EXCEEDING RS. 1 LAC OUTSTANDING MORE THAN 30 DAYS.

S.No:	NAME OF CREDITORS	AMOUNT
1	BEEKAY STEELS AND POWER LIMITED	1.13
2	BENGAL HI-TECH STEELS PVT.LTD.	20.56
3	BHUWANIA ASSOCIATES P.LTD.	37.24
4	CITY ALLOYS (P) LTD.	20.40
5	ELECTROTHERM INDIA LTD.(STEEL DIVISON)	13.96
6	H&K.ROLLING MILL ENGG.(P) LTD	3.06
7	HOWRAH GASES LTD	11.55
8	INDO PROSOYA FOODS LTD	9.60
9	JAI BALAJI JYOTI STEELS LTD.	8.54
10	KAMPER CONCAST LIMITED	29.02
11	MA CHHINMASTIKA SPONGE IRON LTD.	7.96
12	MANOHAR INDUSTRIES	3.96
13	MILLENNNIUM INGOTS & STEEL CO.PVT.LTD.	9.30
14	MONARCH IMPEX	22.49
15	MUKUT BEHARI & SONS (P) LTD	1.83
16	NIKITA METALS PVT. LTD.	22.25
17	NIRANJAN HI-TECH LTD.	5.16
18	OCL INDIA LIMITED	22.52
19	PUNEET STEELS & ALLOYS (P) LTD.	7.44
20	REBY CASTINGS PVT. LTD.	3.11
21	RITU FREIGHT CARRIERS	1.95
22	SACO ALLOYS (P) LTD	11.40
23	SHARP FERRO ALLOYS LTD	30.88
24	SHIVAM SALES CORPORATION	1.54
25	SHREE BHAGWATI CONCAST (P) LTD	5.07
26	SHREEGOPAL HI-TECH PVT.LTD	5.00
27	SHRI RAM METAL ALLOYS (P) LTD.	57.91
28	SHRI RAM STEELS LTD.	7.02
29	SHUBH LABHA INDU.& ENV.PURLS.PVT. LTD.	1.09
30	SHYAM LAL SULTANIA	1.79
31	SOURAV STEELS	1.68
32	SUPREME CYLINDERS LTD	1.53
33	TARUN ALLOYS LIMITED	21.86
34	USHA LOGISTICS	1.47
35	VIKROMATIC STEELS PVT.LTD.	7.60
	Total	418.87

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

We have received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except the pending approvals as mentioned hereunder.

We can undertake all the present and proposed activities in view of the present approvals and the approvals that have been applied for. Except to the extent as stated hereunder, no further approvals from any statutory authorities are required by the Company to undertake its present and proposed activities.

It must however, be distinctly understood that in granting the above consents/licences/permissions/approvals, the Government does not take any responsibility for the financial soundness of the Company or for the correctness of any statements or any commitments made or opinions expressed herein.

We have received the following Government and/or statutory approvals/ licenses/ permissions:

Incorporation

Certificate of Incorporation No. 55-54781 dated 10th August 1993 was issued by the Registrar of Companies, NCT Delhi and Haryana, New Delhi.

Certificate of Commencement of Business dated 18th March 1994 was issued by the Registrar of Companies, NCT Delhi and Haryana, New Delhi.

Investment Approvals

As per Notification No. FEMA/20/2000-RB dated May 3, 2000, under automatic route of the Reserve Bank the Company is not required to make an application to the RBI for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs/FIIs shall be subject to the prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

Government of India Approvals

- Acknowledgement Receipt Bearing No. 254/SIA/IMO/2000 dated 1st February, 2000, issued by the Secretariat for Industrial Assistance, Ministry Of Commerce and Industry, Government Of India, for the Industrial Entrepreneurs Memorandum submitted for the manufacture of the following under item code 3309 at SP1 - 7, RIICO Industrial Area, Khuskhera, P.O. Tapukra-301701, District Alwar, Rajasthan:
- Rolled products including wire rods in coils-bars and rods hot rolled in irregularly wound coils of Iron or non alloy steel - TOR® Steel.
- Other bars and rods of Iron or non alloy steel not further worked than forged hot rolled hot drawn or extruded but including those twisted after rolling.
- Angles and channels shapes and section of Iron or non alloy steel.
- Acknowledgement regarding storage of 45 Kilo litres of Class "C" Petroleum at our plant situated at SP1 - 7, RIICO Industrial Area, Khuskhera, P.O. Tapukra-301701, District Alwar, Rajasthan.

Registration of Factory

Factory Registration Licence numbered RJ - 22433 dated 30th March 2003, issued by the Chief Inspector - Factory & Boilers, Jaipur, is valid upto 31st March 2007.

Sales Tax Registrations

- Certificate of Registration as a Dealer having only one place of Business in Delhi bearing No. LC/96/192780/0297 dated 26th June 1997 under Rule 16 of The Delhi Sales Tax Rules, 1975 issued by the Sales Tax Office, Delhi.
- Certificate of Registration as a Dealer having only one place of Business in Delhi bearing No. LC/96/192780/0297 dated 26th June 1997 under Section 7 of The Central Sales Tax Act, 1956 and is valid until cancelled issued by the Sales Tax Office, Delhi.
- Allotment of Trader Identification Number (TIN) 07960192780 issued in lieu of existing registration number LC/96/192780/0297 under the Delhi Value Added Tax (DVAT) Act, issued by the Sales Tax Department, Delhi.

- Certificate of Registration as a Dealer bearing No. RWR/HGST/4491 dated 27th August 2000 under Rule 11 of The Haryana Sales Tax act, 1973 issued by the Assessing Authority, Rewari, and is valid until cancelled.
- Certificate of Trader Identification Number (TIN) 06652704491 issued by the Assessing Authority, Rewari, Haryana.
- Certificate of Registration as a Dealer bearing No. RWR/CST/4491 dated 27th September 2000 under Section 7 of The Central Sales Tax Act, 1956 and is valid until cancelled issued by the Assessing Authority, Rewari.
- Certificate of Registration as a Dealer bearing No. 08360850802 dated 1st September 1995 under Section 7 of The Central Sales Tax Act, 1956 and is valid until cancelled issued by the Assistant Commissioner, Alwar.
- Certificate Of Registration as a Dealer bearing No. RST - 0206/00806 / 08360850802 Dated 1st September 1995 under Rule 18 Of The Rajasthan Sales Tax Act, issued by the Assistant Commissioner, Alwar is valid until cancelled.

Excise Registrations

- Central Excise Registration Certificate bearing no. AAACR0737NXM001 dated 29th January ,2001 issued by The Superintendent of Central Excise, Bhiwadi under Rule 9 of The Central Excise Rules, 2001 for manufacturing of excisable goods - Mild Steel Cold Twisted Deformed Bars at the Company's premises situated at SP1 - 7, RIICO Industrial Area, Khuskhera, P.O. Tapukra-301701, District Alwar, Rajasthan.
- Certificate of registration bearing no. AAACR0737NST001 dated 12th August 2005 issued by The Superintendent of Central Excise, Bhiwadi under Section 69 of The Finance Act,1994 for payment of service tax on services of Goods Transport by Road and Business auxiliary Service (Commission Agent).

Other Miscellaneous Permissions/ Consents/ Registrations/ Approvals/Arrangements

- Income Tax Permanent Account Number (PAN) - AAACRO737N.
- Tax Deduction and Collection Account Number (TAN) - DELRO9926A.
- Consent Bearing Reference No. RPCB/RO/BWD/OR - 159/2570 Dated 23rd December 2005 issued by the Rajasthan State Pollution Control Board, Bhiwadi, granted under Section 25 of Water (Prevention And Control Of Pollution) Act, 1974 and under Section 21 Of Air (Prevention & Control Of Pollution) Act, 1981 To Establish/ Operate/ Renew facilities for Operating Rolling Mill SP1 - 7, RIICO Industrial Area, Khuskhera, P.O. Tapukra-301701, District Alwar, Rajasthan, Valid Up To 30th September 2006. Renewal granted upto August 31, 2008 under both the acts.
- The Company's IEC (Importer-Exporter Code) No. is 0504089846, as contained in the Certificate of Importer-Exporter Code from the Office of the Joint Director General of Foreign Trade, Ministry of Commerce, New Delhi, issued on March 29, 2005.
- Trade Mark Registered User Agreement dated 2nd March 1998 and Agreement dated 13th April 2004 in relation to the trademark "RATHI®" with the M/s Rathi Research Centre, a registered trust for use of the registered "RATHI®" trademark under No. 367635.
- Agreement dated 28th June 2000 with H&K Rolling Mill Engineers Private Limited for use of "Thermex®" Technology patented by M/s Henningsdorfer Stahl Engineering GmbH, Germany for production of the goods.
- Licence rights to use "Thermex®" cooling system and technology certificate was granted on 21 September 2002.
- Agreement dated 25th February 2003 with H&K Rolling Mill Engineers Private Limited for use of "THERMEX®" Trademark registered in India under No. 449506 B.
- Agreement dated 1st October 2005 with M/s TORSTEEL RESEARCH FOUNDATION in India in relation to use the trademark "TOR®" registered in India under No. 148618.
- Certificate (No. 11893 dated 20.09.2004) of recognition of Organization's Quality System which complies with ISO9001:2000 awarded by M/s United Registrar of Systems Limited.
- Bureau of Indian Standards BIS 1786:1985 Certification vide licence No. CM/L - 82484 80 dated 18th June 1998.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on January 10, 2007. The Board of Directors of the Company had approved/authorised the present Issue of Equity Shares vide a resolution passed at their meeting held on December 16, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, directors, Promoter group companies, companies in which we have substantial shareholding 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.

Further, our Promoters and Promoter group entities have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP 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 (compliant with Clause 2.2.1(a) of the SEBI DIP 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 (compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines);
- Our Company has a pre issue net worth of at least Rs. 100 Lacs in each of the three preceding full years (of twelve months each) (compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines);
- Our Company has not changed its name within the last one year; as a result Clause 2.2.1(d) of the SEBI DIP Guidelines is not applicable as the entire revenue for the preceding one full year has been earned by the Company from the activity suggested by the existing name; and
- The proposed Issue size is not expected to exceed five times the pre-Issue Net Worth of our Company (compliant with Clause 2.2.1(e) of the SEBI Guidelines);

The Company's unconsolidated net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Prospectus under the section "Financial Information" on page no 75 for the last five years ended FY 2007 are set forth below:

(Rs. in Lacs)

	Year ended 31/03/2003	Year ended 31/3/2004	Year ended 31/3/2005	Year ended 31/3/2006	Year Ended 31/3/2007	Three Month period ending 30 June 2007
Distributable Profits	169.49	248.63	228.06	572.17	602.98	192.33
Net Tangible Assets	1347.13	2111.53	2874.30	3505.66	3913.01	4423.07
Net worth	818.71	1,068.35	1,472.03	2,045.31	2631.88	2820.62
Monetary Assets	47.02	294.38	133.26	252.26	55.43	84.36
Monetary assets as a percentage of net tangible assets (%)	3.49	13.94	4.64	7.20	1.42	1.91

- Distributable Profits have been defined in terms of Section 205 of the Companies Act, 1956
- Net Worth has been defined as the aggregate of Equity Share Capital and reserves, excluding miscellaneous expenditures if any.
- 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).
- Monetary assets include cash on hand and bank. Detailed figures are given on page no. 75 in the Prospectus.

- The Company undertakes that it would strictly comply with the clause 2.2.2A of the SEBI DIP Guidelines, 2000 and would not make an allotment of shares pursuant to this issue unless the prospective allottees are not less than one thousand (1000) in number.

SEBI Disclaimer Clause

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 05, 2007 IN ACCORDANCE WITH 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 IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT 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 OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (C) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- (D) BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.”

Disclaimer from the Issuer and the Lead Manager

Investors may note that Rathi Bars Limited and Chartered Capital and Investment Limited accept no responsibility for statements made other than in this Prospectus or in the advertisement or any other material issued by or at the instance of the Rathi Bars Limited or Chartered Capital and Investment Limited and that any one, placing reliance on any other source of information, including our website, www.rathisteels.com, would do so at their own risk. The Lead Manager, Chartered Capital and Investment Limited, do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the Lead Manager and the Underwriting Agreement to be entered into between the Company and the Underwriters.

All information will be made available by the Lead Manager and the Company 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 shows, presentations, in research or sales reports etc.

CAUTION

Rathi Bars, its directors and the Lead Manager accept no responsibility for statements made otherwise than in this prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information, including Company's web site, www.rathisteels.com would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and Rathi Bars Limited.

All information shall be made available by Rathi Bars, the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India [including but not restricted to Indian nationals resident in India who are majors, HUFs, Companies, Bodies Corporate 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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares] and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI etc. This Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession 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 Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this 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

"Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated April 23, 2007 permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; 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 of Prospectus with the Board and the Registrar of Companies

A copy of this Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the Registrar of Companies NCT of Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi-110003 and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

Listing

Application has been made to the Bombay Stock Exchange Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchange(s) in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, 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 we become liable to repay it, then our Company and every director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, having regard to the length of the period of delay in making the repayment of such money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE is taken within seven working days of finalization and adoption of the Basis of Allotment for the Issue.

IMPERSONATION

As a matter of abundant caution 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:

makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name;

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Necessary Consents for the issue have been obtained from the following:

1. Directors of the Company
2. Auditors to the Company
3. Legal Advisors to the Issue
4. Lead Managers to the Issue
5. Registrar to the Issue
6. Bankers to the Company
7. Bankers to the Issue.
8. Company Secretary and Compliance Officer
9. Promoters of the Company

The said consents would be filed along with a copy of this Prospectus with the Registrar of Companies, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of this Prospectus, for registration with the RoC, NCT Delhi & Haryana, New Delhi.

Expert Opinion

The Company has not obtained any expert opinions related to the present Issue, except the opinion of the Auditors, A.K. Vaish & Co., Chartered Accountants on the tax benefits available to the investors Issue Expenses

Expenses of the Issue

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

Particulars	Amount (Rs. In Lakhs)	% of Total Expense
Lead managers fees and selling expenses	50	25%
Advertising and Marketing Expenses	50	25%
Printing and Stationery & Distribution expenses	50	25%
Others (Exchange fee, Listing fee, fee to Legal Advisors)	30	15%
Registrar fee and other expenses	20	10%
Total	200	100%

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at the Registered Office of the Company. The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.

Fees Payable to Legal Advisor to the Issue

The total fees payable to the Legal Advisor to the issue will be as per the Letter of Appointment issued by us and duly accepted by the Legal Advisor, copy of which is available for inspection at the Registered Office of the Company.

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 Celestial on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers' / Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Previous Public or Rights Issues

Our Company has not made any public or rights issue of Equity Shares/Debentures since its inception.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled

‘Capital Structure’ beginning at page 10 in this Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of Section 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance - Last 3 issues

This being the initial public offering by our Company, there have been no promises made by us in the past.

Listed ventures of Promoters

There are no other listed ventures of the promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Prospectus and terms of Issue

There are no out standing debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Prospectus and terms of this Issue.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any Stock Exchange.

Investors’ Grievances Redressal Mechanism

We have appointed Mr. Gaurav Kapoor, Company Secretary as the Compliance Officer of the Company who would directly liaison with SEBI/Exchange(s) with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and other Regulatory bodies and matters related to investor complaints. The investors may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance officer will be available at our Registered Office.

M/s MAS Services Ltd. have been appointed as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, bank and branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors’ grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Changes in Auditors during the last three years and reasons thereof

There has been no change in our Auditors during the last 3 years.

Capitalisation of Reserves or Profits during last five years

There has not been any Capitalisation of reserves or profits during the last five years, except as stated in section titled “Capital Structure” on page no. 10 of this Prospectus.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years.

ISSUE RELATED INFORMATION

1. 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 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 all other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of payment of Dividend

The Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is 3.5 times 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 of Equity Shares; and
- vii. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956 and other applicable Laws and Provisions.

Market Lot and Trading Lot

In terms of section 68B of the Companies Act, 1956 the Equity Shares shall be allotted only in Dematerialised Form. Investors will not have the option of getting physical shares. However they may get the shares rematerialized subsequent to allotment. As per the existing SEBI guidelines, the trading in the Equity Shares shall only be in Dematerialised form for all investors. Since trading of the Equity Shares is in Dematerialised form, the tradable lot is one Equity Share. Allotment through this issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 1 (one) Equity Share.

Nomination Facility to Investor

In accordance with Section 109A of the Act, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Share Transfer Agent of the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Minimum Subscription

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956.

Arrangements for Disposal of Odd Lots

No odd lot of Equity Shares will arise out of this Issue, as the tradable lot is 1 (one) 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 to the section "Main Provisions of the Articles of Association of the Company" on page 146 of this Prospectus.

2. Issue Procedure

Authority for the Present Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on January 10, 2007. The Board of Directors of the Company had approved/authorised the present Issue of Equity Shares vide a resolution passed at their meeting held on December 16, 2006.

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 present 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.

Applications may be made by:

1. Resident Indian nationals who are competent to enter into a Contract as per Indian Laws, in single name or joint names (not more than three);
2. Hindu Undivided Families through the Karta;
3. Companies and Bodies Corporate registered under the applicable laws in India and authorised to invest in the Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions & Banks;
6. Indian/Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any;
7. State Industrial Development Corporations;
8. Insurance Companies registered with Insurance Regulatory and Development Authority;
9. Provident Funds with minimum corpus of Rs. 2500/- lacs;
10. Pension Funds with minimum corpus of Rs. 2500/- lacs

11. 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
12. Commercial Banks, Regional Rural Banks and Co-operative Banks may also apply subject to permission from Reserve Bank of India;
13. Permanent and Regular employees of the Company;
14. Non-Resident Indians (NRIs) on repatriation/non-repatriation basis;
15. Foreign Institutional Investors (FIIs) on repatriation/non-repatriation basis.

Applications not to be made by:

1. Minors
2. Partnership firms or their nominees
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies (OCBs)

Applications by Hindu Undivided Families (HUF)

Applications made by Hindu Undivided Families (HUF) through their Karta will be treated at par with individual applications.

Minimum and Maximum Application Size

Applications should be for minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of Equity Shares, which exceeds the reservation.

Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, 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.

Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

Instructions for Applications by NRIs/FIIs (on Repatriable Basis):

- (i) 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.
- (ii) However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws
- (iii) In case of application by NRIs on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal

banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in Foreign Exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.

- (iv) Duly filled Application Forms by NRIs/FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai and New Delhi only.

Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE/FCNR accounts, (details of which are to be furnished in the space provided for this purpose in the Application Form). The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa. Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Instructions for applications by Indian Mutual Funds & Indian and Multilateral Development Financial Institutions:

- (i) A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
- (ii) Indian Mutual Funds & Indian and Multilateral Development Financial Institutions should apply in this Public Issue based upon their own investment limits and approvals.
- (iii) Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs. 30-35 per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue at places mentioned in the application form.
- (iv) A separate single cheque / bank draft must accompany each application form

Terms of Payment

The entire Issue price 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.

ROC Filing

We will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act. After filing of the Prospectus with the ROC, a statutory advertisement will be issued by our Company in an English and a Hindi national newspaper, both with wide circulation. This advertisement shall include all the information that has to be set out in the statutory advertisement.

General Instructions for Applicants

1. Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours:

Category	Colour of Application Form
Net Offer to Public including Mutual Fund, NRIs /FIIs on non-repatriation basis	White
NRIs/ FIIs on repatriation basis	Pink

- Thumb impressions and signatures in languages other than 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.
- Bank Account Details of Applicant, the name of the Applicant, Depository Participant's name, Depository Participant's Identification (DP ID) number and the Beneficiary account number provided by the Depository Participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.
- Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity

Payment Instructions

- Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. If bank account details are not provided it will make the application liable for rejection.
- Money orders, postal orders, outstation cheques or bank drafts, cheques/drafts drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments are liable to be rejected.
- A separate cheque/bank draft must accompany each application form
- All cheques/bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked: "Name of the Bank A/C RBL- Public Issue-R". (e.g., "HDFC Bank A/c RBL- Public Issue-R". 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. All cheques/ bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked: "Name of the Bank A/C RBL- Public Issue- NRIs/FIIs". (e.g., "HDFC Bank A/c RBL- Public Issue NRIs/FIIs". Employees can use the application forms meant for the General Public and check the box titled "Employee" in the space provided in the application form. All cheques/bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked: "Name of the Bank A/C RBL- Public Issue- Employees". (e.g., "HDFC Bank A/c RBL- Public Issue-Employees".
- Investors will not have facility of applying through Stockinvest instruments as RBI has withdrawn the Stockinvest scheme vide notification no. DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. **Application(s) should not be sent to the office of the Company, the Lead Manager to the Issue or the Registrar to the Issue.**

Applicants residing at places where no collection centers have been opened may submit/mail their applications at their sole risk along with application money due thereon by Bank Draft to the Registrar to the Issue, M/s MAS Services Ltd. superscribing the envelope "Rathi Bars 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 Delhi only.

The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims for damages 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

Recently, the Company has appointed M/s. MAS Services Limited who will act as Registrar to the Issue, and will also become Share Transfer Agent of the Company once the connectivity with NSDL & CDSL is activated. To facilitate the connectivity with NSDL & CDSL through the newly appointed Registrar, the Company has completed the process for signing of new tripartite agreements with both the Depositories and the Registrar to the Issue i.e. M/s. MAS Services Limited. A tripartite agreement dated August 27, 2007 has been entered into with NSDL and one dated August 16, 2007 has been entered into with CDSL has been.

- (a) The applicant seeking allotment of shares in the electronic form must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) appearing under the heading 'Request for Shares in Electronic Form'.
- (b) An applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- (c) Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
- (d) Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository
- (e) The Registrar to this Issue will directly send non-transferable allotment letters/refund orders to the applicant.
- (f) Incomplete/incorrect details given under the heading 'Request for Shares in Electronic Form' in the application form shall be treated as an invalid application and shall be liable to be rejected.
- (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 the electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- (i) One-time cost of dematerialisation of shares would be borne by the Company. The one time cost refers to the

Demat charges for the shares opted for in this Issue by an investor in electronic form. Subsequent charges for dematerialisation of physical shares held by the investors would have to be borne by the investor.

5. Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post- Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account /refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

Disposal of Applications and Application Money

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded.

Refund will be made by the following modes:

In case of applicants residing in any of the centres specified by the Board - by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;

In case of other applicants- 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 dispatched 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 approval for dealing from BSE, where listing has been proposed and approval of the Designated Stock Exchange for utilization has been obtained.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of dispatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

Letters of Allotment or Refund Orders

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalization of the basis of allotment of Equity Shares.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

The company agrees that as far as possible allotment of securities 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 dispatched to the applicants 90(or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 30 days from the date of the closure of the issue. However applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

Interest on Excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

Basis of Allotment

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the 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 to the beneficiary account with Depository participant within 2 working days of finalization 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. 150 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
- 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 drawing of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of BSE (Designated Stock Exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (Designated Stock Exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue.

Undertaking by the Company:

The Company undertakes:

- (i) That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- (ii) That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within seven working days of finalization of basis of allotment.
- (iii) That the funds required for dispatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by the 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 refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) That the promoter's contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- (vi) That the certificates of the Equity Shares/refund orders to the non-resident Indians shall be dispatched within specified time.
- (vii) That no further Issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

- a. All monies received out of this Issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;

- b. Details of all monies utilized out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized; and
- c. Details of all unutilized monies out of the Issue of Equity Shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company further certifies that:

- (i) The utilization 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 utilized.
- (ii) The details of all unutilized 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 unutilized monies have been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalization of basis of allotment or completion of offer formalities.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

(THE COMPANIES ACT, 1956) (COMPANY LIMITED BY SHARES) ARTICLES OF ASSOCIATION OF

RATHI BARS LIMITED

- 1** Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

“The Act” means the Companies Act” 1956 and includes where the context so admit any re-enactment or statutory modification thereof for the time being in force.

“These Articles” means these Articles of Association as originally framed or as from time to time altered by special resolution.

“The Company” means RATHI BARS LIMITED.

“The Directors” mean the Directors of the Company.

“The Board of Directors” or “The Board” means the Board of Directors of the Company.

“The Managing Director” means the Managing Director of the Company.

“The Office” means the Registered Office of the Company.

“The Corporation” means any financial institution and/or any Central or State Government.

“Register” means the Register of Members of the Company required to be kept by Section 150 of the Act.

“The Registrar” means the Registrar of Companies, as defined under Section 609(2) of the Companies Act, 1956.

“The Secretary” means the Secretary of the Company.

“Dividend” includes bonus but excludes bonus shares. “Month” means calendar month.

“Year” means a calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2 (17) of the Act.

“Seal” means the Common Seal of the Company.

“Proxy” includes Attorney duly constituted under a Power-of-Attorney.

“In Writing” and “Written” include printing, lithography and other modes of representing or reproducing words in a visible form.

Words imparting the singular number only include the plural number and vice versa.

Words imparting person include corporations.

- 2** Save as otherwise provided herein the Regulations contained in Table “A” in Schedule to the Act shall apply to the Company.
- 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 in the Company and the Company shall not give directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for shares in the Company or any company of which it may, for the time being, be a subsidiary.

This Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 32.

- 4** “The Authorised Share Capital of the Company shall be such amounts and be divided into such number of shares as may, from time to time, be provided in Clause V of the Memorandum of Association, with power to sub divide,

consolidate, increase, decrease, issue any share of the original capital or any new capital with and subject to any preferential, 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 profit in any manner as between the shares resulting from such sub-division. The rights attached to the shares shall be such as may be determined by the company at the time of issue thereof.”

- 5 Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose off the same to such person on such terms and conditions, at such time, either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, then subject to the provisions of Section 81 (1 A) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act provided further that the option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting.
 - The Authorised Share Capital is increased from Rs. 5,25,00,000/- vide Ordinary Resolution passed in the EGM held on 11.12.2006. The Original Authorised Share Capital of Rs. 5,00,000/- was increased to Rs. 50,00,000/- vide Ordinary Resolution Passed in EGM. held on 28.03.94, Rs. 50,00,000/- to Rs. 1,50,00,000/- vide Ordinary Resolution Passed in AGM. held on 28.09.94, Rs. 1,50,00,000/- to Rs. 2,00,00,000/- vide Ordinary Resolution passed in EGM held on 10.07.98, Rs. 2,00,00,000/- to Rs. 2,50,00,000/- vide Ordinary Resolution passed in EGM held on 23.02.99, Rs. 2,50,00,000/- to Rs. 3,50,00,000/- vide Ordinary Resolution passed in EGM held on 27.01.2003, Rs. 3,50,00,000/- to Rs. 4,50,00,000/- vide Ordinary Resolution passed in EGM. held on 23.07.2004 and from Rs. 4,50,00,000/- to Rs. 5,25,00,000/- vide Ordinary Resolution passed in the AGM held on 30.08.2004.
- 6 As regards all allotments made, from time to time, the Directors shall duly comply with Section 75 of the Act.
- 7 Subject to the provisions of these Articles the Company shall have power by special resolution to issue preference shares carrying a right to redemption out of the profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption is liable to be redeemed at the option of the Company and the Board may subject to the provisions of Section 80 of the Act exercise such powers in such manner as may be provided in these Articles.
- 8 The Company may exercise the powers of paying commission conferred by Section 76 of the Act. In such case it shall comply with the requirements of that Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
- 9 With the previous authority of the Company in General Meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act, the Directors may issue at a discount shares of a class already issued.
- 10 If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.
- 11 The joint-holders of a share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share.
- 12 Save as herein otherwise provided and Subject to Section 187C of the Companies Act, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of Competent jurisdiction, or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.
- 13 Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any share. No share shall be allotted to or registered in the name of a person of unsound mind or a partnership.

CERTIFICATES

- 14 a) The issue of share certificate and duplicates and the issue of new share certificate on consolidation of sub-division or in replacement of share certificates which are surrendered for cancellation due to their being defaced, torn, old, decrepit or worn out or the cases for recording transfer having been utilised or of share certificates which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of Share

Certificates) Rules, 1960 or any statutory modification or re-enactment thereof. If any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate.

- b) Every member shall be entitled free of charge to one or more certificates in the marketable lot for all the shares of each class registered in his name or if the Board so approves, to several certificates each for one or more of such shares Unless, the conditions of issue of any shares otherwise provide, the Company shall, within two months after the date of either allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one months of receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of the several joint holders named first on the Register shall be sufficient delivery to all such holders.

CALLS

- 15 The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions 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 times and places appointed by the Board. A call may be made payable by installment and shall be deemed to have been made when the "resolution of the Board authorising such call was passed.
- 16 No call shall be made payable within one month after the last preceding call was payable.
- 17 Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
- 18
 - a) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holders for the time being in respect of the share for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 12 (twelve) per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.
 - b) The Board shall be at liberty to waive payment of any such interest either wholly or in part.
- 19 If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time or by installments at fixed times, whether on account of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
- 20 On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company' in respect of his share it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the registered as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, not that a quorum was present at the Board meeting at which any call was made, nor that the meeting at which any call was made was duly convened or constituted, nor any other matter but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- 21 The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sum actually called for, and upon the money so paid or satisfied in advance or so much thereof as, from time to time, exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate as the Board thinks fit,. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months notice in writing.
- 22 A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

- 23 If any member fails to pay any call on or before the day appointed for the payment of the same, the Board may at any time thereafter during such time as the call or installment remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may have accrued and, all expenses that may have been incurred by the company by reason of such non-payment.
- 24 The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
- 25 If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares but not actually paid before the forfeiture, subject to Section 205 A of the Act.
- 26 When any share shall have been so forfeited, notice of the resolution shall be given to the members in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
- 27 Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose off the same in such manner as it thinks fit.
- 28 The Board may at any time before any share so forfeited shall have been sold re-allotted or otherwise dispose off, annul the forfeiture thereof upon such conditions as thinks fit.
- 29 A person whose share has been forfeited shall ceases to be a member in respect of the share, but shall not withstanding such forfeiture remain liable to pay and shall forthwith pay to the Company all calls or installments, interests and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture, until, payment, at 12 (Twelve) per cent per annum or at such other rate as the Board may determine and the Board may enforce the payment thereof or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.
- 30 A duly verified declaration in writing that the declarant is a Director or secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
- 31 The provisions of Articles 23 to 27 hereof shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified.
- 32 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 12 thereof is to have full effect. Such lien shall extend to all dividends, from time to time, declared in respect to such share, subject to Section 205 A of the Act, unless otherwise agreed the registration of a transfer of a share shall operate a waiver of the Company's lien, if any, on such share.
- 33 For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonus or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for fourteen days after the date of

such notice.

- 34 The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of the sale.
- 35 Upon the sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer in respect of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- 36 Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

- 37 Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence, the letter of allotment of the share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
- 38 Application for the registration of the transfer of a share may be made either by the transferor or the transferee; provided that, where such application is made by the transferor, no registration shall in the case of a partly paid share be affected unless the Company gives the notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to the provisions of these Articles, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name and the particulars of the transferee as if the application for registration transfer was made by the transferee.
- 39 The instrument of transfer of any share shall be in writing in the form prescribed by the Act or the Rules made there under or where no such form is prescribed in the usual common form prescribed by the Stock Exchange in India or as near thereto as circumstances will admit.
- 40 Subject to the provisions of Section 111 of the Act, the Board without assigning any reason for such refusal, may refuse to register any transfer of or the transmission by operation of law of the right to a share. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account except when the Company has a lien on shares.
- 41 No transfer shall be made to a minor, a partnership firm or a person of unsound mind.
- 42 Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or if no such certificate is in existence, by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share and the transferee shall (subject to the Board's right to decline to register hereinbefore mentioned) be registered as a member in respect of such share. Every instrument of transfer, which shall be registered shall be retained by the Company but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
- 43 If the Board refuses whether in Article 40 or otherwise to register the transfer of or the transmission by operation of law of the right to, any share, the Company, shall give notice of the refusal in accordance with the provisions of Section 11 (2) of the Act.
- 44 No fee shall be charged by the Company for registration of transfer.
- 45 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-holder of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint holder from 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 of Probate or Letters of Administration to other legal representation as the case may be from a Court in India competent to grant it. Provided, nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may think fit.

- 46** Any committee or curator bonis of a lunatic or guardian of a minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share or may subject to the regulation as to transfer hereinbefore contained, transfer such shares. The Article is hereinafter referred to as "The Transmission Article".
- 47** a) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- b) If the person aforesaid shall elect to transfer the shares, he shall testify his election by executing an instruments of transfer of the share.
- c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
- 48** 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 83 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he was the registered holder of the share.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice has been complied with.

INCREASE AND REDUCTION OF CAPITAL

- 49** The Company in general meeting may, from time to time, alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares of such amount and class as may be deemed expedient.
- 50** Subject to any special rights for the time being attached to any shares in the capital of the Company then issued and to the provisions of Section 81 of the Act, the new shares may be issued upon such terms and conditions and with such rights attached thereto as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential right to dividends and in the distribution of assets of the Company.
- 51** Before the issue of any new shares, new Company in General Meeting may subject to the provisions of the Act, make provisions as to the allotment and issue of new shares and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or at a discount.
- 52** Except, so far as otherwise provided, by the condition of issue or by these presents and capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
- 53** If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.
- 54** The Company may, from time to time, by special resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required under Sections 100 to 104 of the Act.

ALTERATION OF CAPITAL

- 55** Subject to the applicable provisions of the Act, the Company in General Meeting may, from time to time
- Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - Cancel any shares, which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled.
 - Convert all or any of its fully paid shares into stock and reconvert that stock into fully paid up shares of any denomination.
- 56** The resolution whereby any share is sub-division may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preferential or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject nevertheless, to the provision of Sections 85, 87, 88 and 106 of the Act.
- 57** Subject to the provisions of Sections 100 to 105 both inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions, as shall be agreed of all or any of his shares.

RIGHTS OF SHAREHOLDERS

- 58** The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit and the Board may, from time to time, fix the minimum amount of stock transferable provided that such minimum shall not exceed the nominal amount of the shares from which stock arose.
- 59** The holders of stock shall, according to the amount of stock held by them the same rights, privileges and advantages as regards dividends, voting at the meetings of the Company and other matters as if they hold the shares from which the stock arose but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- 60** Such of the Article of the Company (other than relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "Shares" and "Shareholder" therein shall include "Stock" and "Stockholder" respectively.

SHARE WARRANTS

- 61** Subject to the provisions of Sections, 114 and 115 of the Act, and subject to any directions which may be given by the Company in general meeting, the Directors may issue Share Warrants in such manner and on such terms and conditions as the Board thinks fit. In case of such issue regulation 40 to 43 of Table "A" of Schedule 1 to the Act shall apply.

MODIFICATION OF RIGHTS

- 62** If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the, shares of that class) may, whether or not the Company is being wound up, be varied, with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General Meeting the provisions of these Article relating to general meetings shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of that class but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and on a poll his voting rights shall be as per Section 87 of the Act. This article is not by implication to curtail the power of modification which the Company would have if this Articles were omitted.

BORROWING POWERS

- 63** The Board may, from time to time and at its discretion, subject to the provisions of Section 58-A, 292, 293 and 370 of the Act and Regulations made there under and directions issued by Reserve Bank of India raise or borrow either from the Directors or from elsewhere and secure the payment of any sum or sum of money for the purposes of the Company.
- 64** The Board may raise or secure the repayment or payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
- 65** Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special rights, as to redemption, surrender, drawing, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81 (3) of the Act.
- 66** Save as provided in Section 108 of the Act no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transfer and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

GENERAL MEETINGS

- 67** In addition to any other meetings, Annual General Meetings of the Company shall be held within such intervals as are specified in Section 166 (1) read with Section 210 (3) of the Act and subject to the provisions of Section 166 (2) of the Act at such times and places as may be determined by the Board. All other meetings of the Company shall except in the case of a statutory meeting be called Extra ordinary General Meetings and shall be convened under the provisions of next following Article.
- 68** The Board may, whenever, it thinks fit, can call extraordinary general meeting and it shall on the requisition of the members in accordance with Section 169 of the Act proceed to call an Extraordinary General Meeting as provided by Section 169 of the Act.
- 69** The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
- 70** Subject to the provisions of Section 171 to 186 of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by Section 172 of the Act. Where any business consist of "Special business" as hereinafter defined in Article 72 there shall be annexed to the notice a statement complying with Sections 173 (2) and (3) of the Act.

The accidental omission to give any such notice to or the non-receipt by any member of other persons to whom it should be given shall not invalidate the proceedings of the meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 71** The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the report of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
- 72** No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save, as herein otherwise provided five or more members present in person as shall hold between them at least 10 (Ten) per cent of the paid up equity share capital for the time being of the Company, form a quorum.
- 73** If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon such regulation as aforesaid, shall be dissolved but in any other case it shall stand adjourned in accordance with the provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.
- 74** Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary

Resolution as defined in Section 189 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 189 (2) of the Act.

- 75** The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors present decline to take the chair then the members present shall on a show of hands or on a poll if properly demanded, elect one of their members, being a member entitled to vote to be Chairman of the meeting.
- 76** Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality if votes both on a show of hands and on a poll the Chairman of the meeting shall have a casting vote in addition to the votes to which he may be entitled as a member.
- 77** At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provision of Section 179 of the Act a declaration by the Chairman that the resolution has or has not been carried or has been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against the resolution.
- 78**
- 1) If a poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than forty eight hours from the time when the demand was made and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.
 - 2) The demand of poll may be withdrawn at any time, before the poll is held.
 - 3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutinizers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed to scrutinise the votes given on the poll and to report to him thereon.
 - 4) On a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.
 - 5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 79**
- 1) The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
 - 2) When a meeting is adjourned for less than 30 (Thirty) days it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

- 80**
- a) On a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy (as defined in Article 86) in behalf of a holder of Equity Shares as a duly authorised representative of a body corporate being a holder of an Equity Share shall, if he is not entitled to vote in his own right, have one vote. On a poll the voting rights of a holder of any Equity Share shall be as specified in Section 87 of the Act.
 - b) The holder of a Preference Share shall not be entitled to vote at general meeting of the Company except as provided for in Section 87 of the Act. At any meeting at which or upon any question the holders of the said Preference Shares are entitled to vote, the said Preference Shares shall, on a show of hands and on a poll confer the same voting rights as Equity Shares.
 - c) No body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting a which the vote by proxy is tendered.
- 81** Where a Company or a body corporate (hereinafter called “member Company”) is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such

member company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy and the lodging with Company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him or them as being a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.

- 82 Any person entitled under the Transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the member registered in respect of such share, 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 vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or a poll by his committee, curator or other legal curator and such last mentioned persons may give their votes by proxy.
- 83 Where there are members registered jointly in respect of anyone share anyone of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such members be present at any meeting either personally or by proxy that one of the said members so present whose name stands first on the Register in respect of such shares alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed to be member registered jointly in respect thereof.
- 84 On a poll votes may be given either personally or by proxy or in the case of a body corporate by a representative duly authorised as aforesaid.
- 85 The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly-authorised in writing or 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 only shall be called a special proxy any other proxy shall be called a general proxy.
A person may be appointed a proxy whether he is a member or not of the Company and every notice convening a meeting of the company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and the proxy need not be a member of the Company.
- 86 The instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed or a notary certified copy of that power or authority shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.
- 87 A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principle or revocation of the instrument or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer or transfer of the share shall have been received by the Company at the office before the vote is given provided nevertheless the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
- 88 Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances admit, be in the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.
- 89 No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
- 90
 - 1) An objection as to the admission or rejection of vote either on a show of hands or on a poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.
 - 2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

- 91** Subject to Section 252 and 259 of the Act, the number of Directors of the Company shall not be less than three and not more than twelve.
- 92** The Company in general meeting may, from time to time, increase or reduce the number of Directors within the limits fixed by Article 91.
- 93** The following persons hereinafter named shall become and be the first Directors of the Company.
1. Shri Kamlesh Kumar Rathi
 2. Shri Anupam Rathi
 3. Shri Anurag Rathi
- a) If at any time the Company obtains any loans from any financial institution and/ or any central or State Government referred to in the Articles as “The Corporation” or enters into underwriting arrangements with the Corporation and it is a term of such loans or of the underwriting arrangements that the Corporation shall have the right to appoint one or more Directors then subject to the terms and conditions of such loans or underwriting arrangements the corporation shall be entitled to appoint one or more Directors as the case may be, to the Board of Directors of the Company and to remove from office any Director, so appointed and to appoint another in his place or in the place of director appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be signed by the Corporation or by any person duly authorised by it and shall be served at the office of the Company. The Director or Directors so appointed shall not be liable to retire by rotation of Directors in accordance with provisions of these Articles, but he/they shall be counted in determining the number of retiring directors.
- 94** A Director of the Company shall not be required to hold any share as his qualification.
- 95** Subject to the provisions of the Companies Act, 1956 and Rules framed thereunder each Director shall be entitled to receive out of the funds of the Company by way of a sitting fee not exceeding Rs. 250/- (Rupees Two Hundred Fifty) each for meeting of the Board or a Committee thereof or any adjournment thereof, attended by him. The Director shall be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending the Board and the Committee meetings or otherwise incurred in the execution of their duties as Directors.
- Subject to Sections 310, 198 and 309 of the Act and subject to the approval of the Reserve Bank of India, wherever applicable, the Directors shall also be entitled to be paid as remuneration a commission of 1 % (one per cent) on the net profits of the Company to be calculated in accordance with the provisions of the Act and such commission shall be divided amongst the directors in such proportions as the directors may determine and in default of such determination equally. All other remuneration, if any, payable by the Company, each Director whether in respect of his service as a Managing Director or a Director in the whole or part time employment of the Company. shall be determined in accordance with and subject to the provisions of these Articles and of the Act.
- 96** If any Directors being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of residence for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Sections 198,309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
- 97** The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed. The Board shall not except for the purpose of filling vacancies or for summoning a general meeting of the Company, act so long as the number is below the minimum.
- 98** The office of a Director shall ipso facto become vacant, if at any time he commits any of the acts set out in Section 283 of the Act.
- 99** No Director or other person referred to in Section 314 of the Act, shall hold an office of place of profit save as permitted by that Section.
- 100** A Director of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such company.
- 101** Subject to the provisions of Section 297 and 299 of the Act, neither shall a Director be disqualified from contracting

with Company either as vendor, purchase or otherwise for goods materials or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract of arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract, arrangement by reason of such Director holding office or of the fiduciary relating thereby established.

- 102** Every Director shall comply with the provisions of Section 297 and 299 of the Act regarding disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.
- 103** Save as permitted by Section 300 of the Act or any other applicable provisions of the Act, no Director shall, as a Director take any part in the discussion, of or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested nor shall his presence counted for the purpose of forming a quorum at the time of such discussion or vote.
- 104** The Board shall have power at any time and from time to time, to appoint any person as additional Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by, these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then eligible for re-appointment.
- 105** Subject to Section 313 of the Act, the Directors may appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meeting of the Directors are ordinarily held and such appointment shall have effect and such appointee while he/she holds office as an alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Directors are ordinarily held or the absent Director vacates office as a Director.
- 106** If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any person so appointed shall remain in his office so long only as the vacating Director would have retained the same of 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 under Article 110.
- 107** At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the member nearest to one-third shall retire from office.
- 108** Subject to the provisions of these Articles, the Director to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day those to retire shall, in default of an subject to any agreement among themselves be determined by lot.
- 109** The Company may remove any Director before the expiration of his period of office in accordance with the provisions of Section 284 of the Act and may, subject to the provisions of Section 262 of the Act, appoint another person in his place if the Director so removed was appointed by the company in General Meeting or by the Board under Articles 105 and 107.
- 110** Subject to the provisions of Sections 316 & 317 of the Act, the Board may, from time to time appoint one or more Directors to be Managing Director or Managing Directors of the Company, as per the provisions of Companies Act, 1956 and may, from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place.
- 111**
 - a. Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation. However, he shall be counted in determining the number of directors to be retired by rotation but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause. However, he shall be counted in determining the number of meeting Directors.
 - b. If at any time the total number of Managing Directors is more than one-third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective

seniorities. For the purpose of this Article the seniorities of the Managing Director shall be determined by the date of their respective appointments as Managing Directors by the Board.

- 112** Subject to the provisions of Sections 198, 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 a general meeting.
- 113** Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 and 293 thereof, the Board may, from time to time, entrust to the confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may from time to time, revoke, withdraw, after or very all or any of such powers.

PROCEEDINGS OF DIRECTORS

- 114** The directors shall meet together at least once in every three calendar months for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice of every meeting of the Directors together with the agenda of the business to be transacted thereat shall be given in writing by a Director or such other officer of the Company duly authorised in this behalf to every Director whether within or outside India. Such notice shall be sent by registered air mail post or by capable so as to reach the addresses thereof in the normal course at least seven days before the date of the meeting unless all the Directors agree by a prior consent accorded in writing or by a capable of such meeting being held on shorter notice. Provided that where an alternate Director has been appointed it shall be sufficient for purposes of this Article to send notice to or obtain consent of such alternate Director only.
- 115** Director may at any time and the secretary shall, upon the request of a Director made at any time, convene a meeting of the Board.
- 116** The Board may appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed or if at any meeting of the Board the Chairman be not present within five minutes after the time appointed for holding the same, Directors present shall choose some one of their number to be Chairman of such meeting.
- 117** The quorum for a meeting of the Board shall be minimum two or 1/3rd of total strength whichever is higher subject to the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
- 118** A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
- 119** Subject to the provisions of Section 316 and 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.
- 120** The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its power to a committee consisting of such Director or Directors as it thinks fit, and may from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed upon it by the Board.
- 121** The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far the same are applicable thereto and/or not superseded by any regulations made by the Board under the last preceding Article.
- 122** All acts done by any meeting of the Directors or any Committee of Directors or any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of anyone or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified or had vacated office by virtue of any provisions contained in the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be a Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director has been shown to be invalid or to have terminated.

- 123** Save in those cases where a resolution is required by Sections 262, 292, 297, 319 and 372(5) and 386 of the Act or any other provisions of the Act to be passed at a meeting of the Board, resolution shall be valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted if it is passed by circulation in the manner as provided in Section 289 of the Act.

MINUTES

- 124** a) The Board shall, in accordance with the provisions of Section 193 of the Act, cause minutes to be kept of proceedings of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.
- b) Any such minutes of proceedings of any meeting of the Board or of any Committee of the Board or of the Company in general meetings, if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the matters stated in such minutes. The minute books of general meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11 a.m. and 1 p.m. on such business days as the Act requires them to be open for inspection.

POWERS OF THE BOARD

- 125** a) Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other statute or by the Memorandum of Association of the Company or by these Articles or otherwise to be exercising or done by the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in general meeting, but no regulation made by the Company in general meeting 'shall invalidate any prior act of the Board which would have been valid if that regulations had not been made.
- b) Without prejudice to the general powers conferred by the preceding Article, the Directors may, from time to time and at any time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons any of the powers, authorities and discretions for the time being vested in the Board and the Board may, at any time remove any person so appointed and may annul or vary such delegation.

LOCAL MANAGEMENT

- 126** The Board may, subject to the provisions of the Act, make such arrangements as it may think fit for the management of the Company's affairs abroad and for this purpose appoint local bodies, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of Section 50 of the Act and the official seal be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the Seal appoint. The Company may also exercise the powers of Section 157 and 158 of the Act with reference to the keeping of foreign registers.

MANAGEMENT

- 127** Subject to the provisions of Section 197A, 198 and 269, 309 and 310 of the Act, the Company may appoint or re-appoint Managing Director, whole-time Director, and manager upon such terms and conditions as it thinks fit.
- 128** a) Subject to Section 383 A of the Act, the Directors may appoint a Secretary and/ or consultant and/or an advisor on such terms, at such remuneration and upon such conditions as they may-think fit and any secretary or consultant or advisor so appointed may be removed by the Directors.
- b) A Director may be appointed as a Secretary and/or consultant and or Advisor subject to the provisions of the Act.
- 129** Any provision of the Act or these Article requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person acting both as Director and as or in place of the Manager or Secretary.

AUTHENTICATION OF DOCUMENTS

- 130** Save as otherwise provided in the Act, any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any document affecting the constitution of the Company and any resolution passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company and to certify copies thereof of extract therefrom as true copies of extracts and where any books, records, documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.
- 131** A document purporting to be a copy of a resolution of the Board an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the cases may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.

THE SEAL

- 132** The Board shall provide for the safe custody of the seal and the seal shall never be used except by the authority previously given of the Board or a Committee of the Board authorised by the Board in that behalf and save as otherwise required by the companies (issue of share Certificates) Rules, 1960, anyone Director or such other person, as the Board may authorise shall sign every instrument to which the seal is affixed, Provided nevertheless, that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

RESERVES

- 133** The Board may, from time to time, before recommending any dividend set apart any and such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures; debts or other liabilities of the Company, for equalisation of dividends, for repairing improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares in the Company) as it may think fit and from time to time deal with and very such investments and dispose off all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit with full power to employ the reserves or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.
- 134** Any general meeting may upon the recommendation of the Board resolve that any moneys, investments, or other assets forming part -of the undivided profits of the Company and standing to the credit of the reserves or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled 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 any un-issued shares of the Company which shall be distributed accordingly or in or towards as payment of the uncalled liability on any issued shares and such distribution to payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of Share Premium Account or a Capital Redemption Reserve Account may for the purposes of this Article only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares.
- 135** The Company in general meeting may, at any time and time to time, resolve that any surplus money in the hands of the Company representing capital profits arising from the receipt of money received or recovered in respect of or arising from the realisation of any capital assets of the Company or any investment representing the same instead of being applied in the purchase of other capital assets or for capital purposes be distributed amongst the equity shareholders on the footing that they receive the same as capital and in the same proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for the time being.
- 136** For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

DIVIDENDS

- 137** Subject to Section 205 of the Companies Act the rights of the members entitled to shares (if any) with preferential rights or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares in the Company but so that partly paid-up shares shall only entitle the holder with respect thereof to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such shares. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. Where capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, rank for dividends or confer a right to participate in profits.
- 138** The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
- 139** No larger dividends shall be declared than is recommended by the Board but the Company in general meeting may declare a smaller dividend.
- 140** Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
- 141** The declaration of the net profit of the company as stated in the audited Annual Accounts shall be conclusive.
- 142** The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
- 143** Subject to Section 205A of the Act, the Board may deduct from any dividend payable to any member all sum of moneys, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares in the Company.
- 144** Subject to Section 205A of the Act, any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixed not exceeding the amount remaining unpaid on the shares but so that the call on each member also does not exceed the dividend payable to him and so the call be made payable at the same time as the dividend and in such case the dividend may, if so arranged between the Company and the members, be set off against the call.
- 145** No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the Capitalisation of profits or reserves of the Company.
- 146** A transfer of share shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
- 147** The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorised to do by Section 208 of the Act.
- 148** No Dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 147.
- 149** Anyone of the several persons who are registered as the joint-holders of and share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
- 150** Notice of any dividend, whether interim or otherwise shall be given to the person entitled to share therein in the manner hereinafter provided.
- 151** Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the members or in case of members who are registered jointly to the registered address of that one of such member who is first named in the Register in respect of the joint-holding or to such person and such address as the member or members who are registered jointly, as the case may be, may direct, and every cheque or warrant so sent shall be

made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or fraudulent recovery thereof by any other means.

- 152** Any unclaimed or unpaid dividend shall be dealt with and regulated under Section 205A of the Companies Act, 1956, and the Rules made thereunder.

BOOKS AND DOCUMENTS

- 153** Subject to the provisions of Section 209 of the Companies Act, 1956 the Books of Account shall be kept at the office or at such place in India as the Board may, from time to time, decide.

ACCOUNTS

- 154** Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in Annual General Meeting shall be conclusive.

AUDIT

- 155** a) Once at least in every year, the accounts of the Company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet, ascertained by the Auditor or Auditors of the Company.
- b) The first Auditor or Auditors of the Company shall be appointed by the Directors within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office till the conclusion of the First Annual General Meeting of the Company.
- c) The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and their appointment; remuneration, rights and duties shall be regulated by Sections 224 to 227 of the Act.
- d) Where the Company has a Branch Office the provision of Section 228 of the Act shall apply.
- e) All notices of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall also be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.
- f) The Auditors Report shall be read before the Company in Annual General Meeting and shall be upon to inspection by any member of the Company.

SERVICE OF NOTICE AND DOCUMENTS

- 156** 1. A notice or other document shall be given or sent by the Company to any member either personally or by sending it by post to him to his registered address in India or if he has no registered address in India by air mail post to the address outside India supplied to the Company for giving of the notice to him.
2. Where notice or other document is sent by post.
- b) Service thereof shall be deemed to be effected by properly, addressing prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notice or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be affected unless it is sent in the manner intimated by the members; and
- c) Such service shall be deemed to have been effected :
- i. In the case of a notice of a meeting at the expiration of Forty-eight hours after the letter containing the same is posted, and
- ii. In any other case, at the time at which the letter would be delivered in the ordinary course of post.
- 157** A notice or other document advertised in a newspaper circulating in the neighbourhood of the office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address for the giving of the notices to him.
- 158** A notice or other documents may be served by the Company on the joint-holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share.
- 159** A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representative of the deceased or assignee of the insolvent or by any like description, at the address in India

supplied for the purpose by the persons claiming to be so entitled, or unto such an address has been so supplied, by giving the notice in any manner in which the same might have been if the death or insolvency had not occurred.

- 160** Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspaper circulating in the neighbourhood of the office.
- 161** Every person who by operation of law or transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
- 162** Subject to the provisions of Articles 157 to 161, any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these articles shall, notwithstanding such member to then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such share.
- 163** The signature to any notice to be given by the Company may be written or printed.
- 164** Subject to the provisions of Sections 497 and 509 of the Act, in the event of a winding up of the Company, every member of the Company who is not for the time being in Delhi shall be bound within eight weeks after the passing of an effective resolution to wind up the Company, to serve notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notices, process, orders and judgment in relation to or under the winding-up of the Company, may be served and in default of such nomination, the liquidator of the Company shall be at liberty of such member, to appoint some such persons and service upon any appointee whether appointed by the member or the liquidator shall be deemed to be good personal service on such member for all purpose and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof such member by advertisement in some daily newspaper circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter should be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

INSPECTION

- 165** a) The books of Account and other books and papers shall be open to inspection by any Director during business hours.
- b) The Board shall, from time to time, determine whether and to what extent and at what time and place and under what conditions or regulations, the" books of account and other book and documents of the Company, other than those referred to in Article 125 (b) and 167 or any of them, shall be open to the inspection of the members not being director and no member (not being a Director) shall have any right of inspecting any books of account or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.
- 166** Subject to the provisions of Sections 209 A of the Act, where under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company the person entitled to inspection shall on his giving to the Company not less than twenty-four hours previous notice, in writing of his intention specifying which register etc. he intends to inspect, be permitted to inspect the same during the hours of 11 a.m. and 1 p.m. on such business days as the Act requires them to be given for inspection.
- 167** The Company may in accordance with the provisions of Section 154 (1) of the Act close the Register of Members or of the Debenture-holders, as the case may be.

RECONSTRUCTION

- 168** On any sale of the undertaking of the Company the Board or the liquidator on a winding up may, if authorised by a Special Resolution, accepted fully paid or partly paid up shares, debentures or securities of any other Company incorporated in India or to the extent permitted by law of a Company incorporated outside India, either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidator (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustees for them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company

and for the valuation of any such securities or property at such price and in such manner the meeting may approve and all holders of share shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or in the course of being wound up, such statutory rights (if any) under Section 494 of the Act, as are incapable of being varied or excluded by these Articles.

SECRECY

- 169** Every Director, Secretary, trustees for the Company, its members or debenture-holders, member of a committee, servant, officer, agent, accountant or other person employed in or about the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by Court of Law and except so far as may be necessary in order to comply with and of the provisions in these articles contained.
- 170** No shareholder or other persons (not being a Director) shall be entitled to enter upon the properties of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or, subject to Articles 166(b) and 167 to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process of any matter whatever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be expedient in the interest of the Company to communicate.

WINDING-UP

- 171** a) In the event of the Company being wound up, the holders of Preference Shares, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repayment to them the amount paid-up on the Preference Shares held by them respectively and payment of arrears of dividends up to the commencement of the winding up, whether declared or not, but shall not be entitled to any further participation in such surplus assets. If the surplus available as aforesaid shall be insufficient to repay the whole of the amount paid up on the Preference Shares and any arrears of dividend, such assets shall be distributed amongst the holders of Preference Shares so that the losses shall be borne by the holders of Preference Shares in proportion to the capital paid up or which ought to have been paid up thereon and the arrears of dividend as aforesaid.
- b) If the Company shall be wound up and the assets available for distribution among the members as such after payment to the Preference Share holder as aforesaid shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in the winding up the assets available for distribution among the members after payment to the Preference Shareholder as aforesaid shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid-up on the shares held by them respectively.
- c) This Article is to be without prejudice to the rights and privileges amongst the holders of Preference Shares of different series of shares upon special terms and conditions.
- 172** If the Company shall be wound up, whether voluntarily or otherwise the liquidator may with the sanction of a Special Resolution, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of assets of the company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators with the like sanction, shall think fit, subject to Section 100 to 105 of the Act.

INDEMNITY

- 173** Subject to Section 201 of the Companies Act, 1956 every Director, Managing Director, Manager, Secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all bonafide liability incurred by him as such Director, Managing Director, Manager, Secretary, Officer employee or Auditor in defending any bonafide proceeding, whether Civil or Criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by our company 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 Registrar of Companies, Delhi and Haryana, at Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office situated at: A-24/7, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110044 between 1100 hrs to 1500 hrs on any working day, excluding Saturday and Sunday, from the date of this Prospectus until the Issue closing date.

MATERIAL CONTRACTS

1. Letter of Appointment dated 8th June 2006 and Memorandum of Understanding dated January 20 2007 with Chartered Capital and Investment Limited, appointing them as the Lead Manager to this Issue.
2. Letter of Appointment dated February 5 2007 and Memorandum of Understanding dated February 6 2007 signed by our Company with M/s MAS Services Ltd., appointing them as Registrar to the Issue.
3. Letter dated August 9 2006 indicating the acceptance of Suman Khaitan & Co., Advocates, to act as legal advisors to the issue.
4. Tripartite Agreement dated August 27, 2007 between NSDL, our Company and Registrar to the issue M/s MAS Services Ltd.
5. Tripartite Agreement dated August 16, 2007 between CDSL, our Company and Registrar to the issue M/s MAS Services Ltd.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association as amended from time to time.
2. Certificate of Incorporation No. 55-54781 dated 10th August 1993 issued by the Registrar of Companies, NCT Delhi and Haryana, New Delhi to Rathi Bars Limited.
3. Certificate of Commencement of Business dated 18th March 1994 issued by the Registrar of Companies, NCT Delhi and Haryana, New Delhi to Rathi Bars Limited.
4. Copy of Trade Mark Registered User Agreement dated 2nd March 1998 and Agreement dated 13th April 2004 in relation to the trademark "RATHI®" with the M/s Rathi Research Centre, a registered trust for use of the registered "RATHI®" trademark under No. 367635.
5. Copy of agreement dated 1st October 2005 with M/s TORSTEEL RESEARCH FOUNDATION in India in relation to use the trademark "TOR®" registered in India under No. 148618.
6. Resolution passed by the shareholders vide a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on January 10, 2007., approving the issue.
7. Copy of Agreement dated 25th February 2003 with H&K Rolling Mill Engineers Private Limited for use of "Thermex®" Trademark registered in India under No. 449506 B.
8. Copy of Agreement dated 28th June 2000 with H&K Rolling Mill Engineers Private Limited for use of "Thermex®" Technology patented by M/s Henningsdorfer Stahl Engineering GmbH, Germany for production of the goods.
9. Copy of Certificate (No. 11893 dated 20.09.2004) of recognition of Organization's Quality System which complies with ISO9001:2000 awarded by M/s United Registrar of Systems Limited.
10. Copy of (Bureau of Indian Standards) BIS 1786:1985 Certification vide licence No. CM/L - 82484 80 dated 18th June 1998.
11. Consent from the Directors, Compliance Officer, Auditor, Lead Managers, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, Underwriters, Legal Advisor and Tax Consultant to act in their respective capacities.
12. Certificate dated September 18 2007 from M/s A.K. Vaish & Co., Chartered Accountants and Statutory Auditors of the Company detailing the Tax Benefits.
13. Auditor's report dated September 18 2007 included in the Prospectus and copies of the Balance Sheet referred in the said report.

14. Copy of the Auditors Certificate dated September 18 2007 regarding the sources and deployment of funds as on August 31 2007.
15. Copy of the Resolution dated appointing/re appointing Mr. Kamlesh Kumar Rathi as the Managing Director of the Company.
16. Due Diligence Certificate dated March 05, 2007 to SEBI issued by Chartered Capital and Investment Limited.
17. Copy of Initial Listing Application made to BSE.
18. Copy of in-principal approval for listing from BSE dated April 23, 2007.
19. Copies of quotations obtained and Purchase Orders placed for Plant and Machinery.
20. SEBI observation Letter No. CFD/DIL/NB/JAK/102979/2007 dated September 04, 2007.
21. Copies of the Sanction letters from Banks for the Term Loans.
22. Copies of the letters of estimates made by the engineer towards various items of the project cost.

Any of the contracts mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if so required by other parties, without reference to the shareholders subject to compliance with the applicable laws.

DECLARATION

We, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India, or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

We, the Directors of Rathi Bars Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation.

We further certify that all statements in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF RATHI BARS LIMITED

Mr. Kamlesh Kumar Rathi, Managing Director

Mr. Anupam Rathi, Whole time Director

Mr. Anurag Rathi, Whole time Director

Mr. Harkishore Kejriwal, Independent Director

Mr. Binod Kumar Maheswari, Independent Director

Mr. Ashok Kumar Garg, Independent Director

Mr. Gaurav Kapoor, Company Secretary and Compliance Officer

Mr. Prem Chand Agrawal, Manager (Finance)

Place: New Delhi

Date: 29 September, 2007.