



## SHREE GANESH FORGINGS LIMITED

(Formerly known as Jai Shree Ganesh Forgings Limited)

(Incorporated as Shree Ganesh Fibres Private Limited on 18/09/1972 under Companies Act, 1956. Thereafter the name of the company was changed to Shree Ganesh Forgings Pvt. Ltd. on 01/01/1982 pursuant to change in the main object clause of the Company. The Company became a public limited company w.e.f. 01/07/1994. The name of the Company was further altered to Jai Shree Ganesh Forgings Ltd. on 13/03/2001 and then changed to its present name i.e. Shree Ganesh Forgings Ltd. on 03/09/2002).

**Registered Office** : 5/5A Kamanwala Chambers, Sir P.M. Road, Fort, Mumbai – 400 001  
Tel: (022) 5631 1054/55; Fax: (022) 2262 5217.  
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**PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PREMIUM OF RS. 20/- PER SHARE (i. e. AT A PRICE OF RS. 30/- PER SHARE) AGGREGATING TO RS. 1500 LACS**  
The issue price of Rs. 30/- per equity share is three (3) times of the face value.

### RISK IN RELATION TO THE FIRST OFFER TO THE PUBLIC

This being the first offer of Equity Shares of Shree Ganesh Forgings Limited, there has been no formal market for the shares of the Company. The issue price (as has been determined and justified by the Lead Manager and Shree Ganesh Forgings Limited) as stated herein under the paragraph (Basis of Issue Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed (The Issue Price is 3 times the face value of Rs. 10/- per share). 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 issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **The attention of investors is drawn to the statement of Risk Factors appearing on page nos. iv to ix of this Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity shares of the Company are proposed to be listed on The Stock Exchange, Mumbai (BSE) (The Designated Stock Exchange). The Company has received in-principle approval from BSE vide their letter no. List/smg/sdm/sm/2005 dated 02/03/2005 for listing of the equity share being issued in terms of this prospectus.

#### LEAD MANAGER TO THE ISSUE

### **KEYNOTE**

CORPORATE SERVICES LTD.

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Nariman Point, Mumbai - 400 021  
Tel.: (022) 2202 5230 Fax: (022) 2283 5467  
E-mail: sgfl\_ipo@keynoteindia.net  
SEBI Regn. No.: INM 000003606  
AMBI Regn No: AMBI/040

#### REGISTRAR TO THE ISSUE



### **BIGSHARE SERVICES PVT. LTD.**

E/2, Ansa Industrial Estate, Saki Vihar Road,  
Sakinaka, Andheri(E), Mumbai – 400 072.  
Tel.: (022) 2847 0652/0653  
Fax: (022) 2847 5207  
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SEBI Regn. No.: INR000001385

<b>PUBLIC ISSUE OPENS ON</b>	<b>WEDNESDAY, MAY 18, 2005</b>
<b>PUBLIC ISSUE CLOSSES ON</b>	<b>TUESDAY, MAY 24, 2005</b>

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**DEFINITIONS/ABBREVIATIONS**

Act	: The Companies Act, 1956 & subsequent amendments thereto.
ANSI	: American National Standard Institute
Articles	: Articles of Association of Shree Ganesh Forgings Limited
ASTM	: American Society for Testing of Material
BARC	: Bhaba Atomic Research Centre
Board	: Board of Directors of Shree Ganesh Forgings Limited
BS	: British Standard
BSE/Designated Stock Exchange	: The Stock Exchange, Mumbai.
CDSL	: Central Depository Services(India) Ltd.
CENVAT	: Central Value Added Tax
Company / SGFL	: Shree Ganesh Forgings Limited
CRN	: Canadian Registration Number
DEPB	: Duty Entitlement Pass Book
DIN	: Deutsche Industries Norm
EPS	: Earning Per Share
EIL	: Engineers India Ltd.
FEMA	: The Foreign Exchange Management Act, 1999
FERA	: Foreign Exchange Regulation Act, 1973
FII	: Foreign Institutional Investor
IBR	: Indian Boiler Resolution
LDO	: Light Diesel Oil
Memorandum	: Memorandum of Association of Shree Ganesh Forgings Limited
MSEB	: Maharashtra State Electricity Board
MSS	: Manufacturer's Standardization Society
NPCL	: Nuclear Power Corporation Ltd.
NRI	: Non-Resident Indian.
NSDL	: National Securities Depository Ltd.
NSE	: National Stock Exchange of India Limited
OEM	: Original Equipment Manufacturer
IPO/Offer/Issue	: Public Issue of 50,00,000 equity shares of Rs. 10/- each for cash at a price of Rs.30/- per share aggregating to Rs. 1500 lacs.
PAN	: Permanent Account Number
PED	: Pressure Equipment Directive.
Prospectus	: This Prospectus dated 21/04/2005
PDO	: Petroleum Development Oman LLC
PSU	: Public Sector Undertaking
RBI	: Reserve Bank of India
ROC	: Registrar of Companies, Maharashtra, Mumbai
RONW	: Return on Network
RTA	: Registrar & Transfer Agent
Retail Individual Investor	: Means an investor who applies for securities for a value of not more than Rs. 50,000/-.
SEBI	: Securities and Exchange Board of India.



## SECTION I: RISK FACTORS

### RISK FACTORS ENVISAGED BY MANAGEMENT AND MANAGEMENT'S PROPOSALS TO ADDRESS THE RISKS

*An investment in equity shares involves 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 Equity Shares of SGFL.*

#### A. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

1. The company is promoted by first generation entrepreneurs and this being their first major venture may involve consequential risks inherent in such projects.

##### **Management's Proposal**

Though the promoters are first generation entrepreneurs, they have an experience of more than two decades in the forging industry. The promoters have a good track record both in the domestic market and abroad.

2. The present installed capacity of the company stands at 11000 M.T. The production capacity for the FY 2004 stands at only 28.54% of the installed capacity.

##### **Management's Proposal**

The installed capacity of 11000 MT of the company is applicable for mass production of the components. However, the company is producing more than 2500 varieties of specialized items on piecemeal production, which require twice the processing time required for mass production. Hence the normal capacity of the company shall be 5500 MT and the actual capacity utilization shall be calculated on the basis of normal capacity. Taking this into effect, the actual capacity of the company based on normal capacity will be in the range of 65% to 75%, which is the average for the industry.

3. Group companies namely Namha Exim Private Ltd and Dean Akshatt Exim Private Limited are also in the business of forging and to this extent there is a conflict of interest between these companies and SGFL.

##### **Management's Proposal**

Both the companies are assisting in the production, marketing and warehousing of the SGFL's product. The conflict of interest is only due to common directors.

4. The total cost of the project is Rs. 3250 lacs. The project is not appraised by any Bank or Financial Institution. The funds received from the issue will be deployed at the sole discretion of the Management. Further, the total project cost comprises of an amount of Rs. 467.30 lacs towards additional Working Capital requirements, which is as per the estimates of the company and has not been appraised by any Bank.

##### **Management's Proposal**

The project is part financed by a term loan from Corporation Bank, Industrial Finance Branch, Mumbai to the extent of Rs. 1240 lacs constituting 38.15% of the total cost of the project. Thus the funds will not be deployed at the sole discretion of the Management and there will be a monitoring by Corporation Bank, which is funding the project. The Company already enjoys working capital facilities to the extent of Rs. 1150.00 lacs (Fund based) and Rs. 1000.00 lacs (Non-fund based) from the existing bankers. The estimates of the additional Working Capital are based on the experience of the Management.

5. The company is yet to place orders for the plant and machinery.

##### **Management's Proposal**

The Company has already received quotations from the supplier. The orders for the plant and machinery will be placed at the appropriate time.



6. Some of the machinery i.e. the 5 Ton Hammer and the Press are to be imported. Fluctuation in the Foreign Exchange rates may lead to an escalation in the Cost of the Project.

**Management's Proposal**

The company does not foresee any change in this in the short run. However the company has already provided for contingencies to the extent of Rs. 48.11 Lacs in the Project Cost.

7. The company has not yet received necessary permission from the appropriate authority to construct the additional factory building.

**Management's Proposal**

The Company is in process of obtaining required permission from the appropriate authority

8. Company has made an allotment of 25,00,000 equity shares of Rs. 10/- each at par on 06/12/2004 to the promoters which is lower than the issue price of Rs. 30/- per share.

**Management's Proposal**

The Company made the above allotments in accordance with the guidelines for unlisted public companies (Preferential allotment) Rules 2003 and all shares in the above allotment are subject to lock in period in terms of SEBI (Disclosure and Investor Protection) Guidelines 2000 and subsequent amendments thereto.

9. The registered office of the company is located at premises owned by one of the group ventures namely, S. Sarup and Co. The Company pays a rent of Rs. 1.8 lacs per annum to S. Sarup and Co. for the same.

**Management's Proposal**

The said premises are being used by the Company as its registered since its inception and the management foresees no problem in retaining the same as company's registered office in the future as well.

10. The brand name of the Company namely "SGF" is not legally registered in the name of the Company.

**Management's Proposal**

Company is in the process of registering its brand name "SGF"

11. Contingent Liabilities not provided for as on 31/12/2004 include Letter of credit of Rs. 410.79 Lacs and Bill Discounting of Rs. 107.56 lacs.

**Management's Proposal**

The letter of credit issued by the banker is in normal course of business. The company not only maintains 25% margin as Term Deposit but has also hypothecated required stock and other securities in favour of its Bankers to cover any liabilities which may, arise in the future. It is normal practice of the auditor to include such liabilities as contingent liabilities as the same depends on happening of some future events.

12. The expansion is funded substantially from the present IPO. Any delay in of the IPO will adversely impact the Company.



## 13. Litigations/ disputes pending against the company are as follows:

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	ULP/166 OF 1987	ENGINEERING WORKERS ASSOCIATION	Unfair Labour practices under items 6 of schedule II & IV of MRTU & Pulp Act 1971.	Industrial Court, Thane
The trial court has dismissed the case. The complainant has however gone for appeal in High Court.				
2.	SS/4617 OF 1998	M/S.SHREE MAHAVIR ISPAT LTD.	Summary Suit for recovery of money	Bombay High Court
The Plaintiff had filed a company petition No.64/1998 for recovery of principal amount of Rs.5.71 lacs with interest from SGFL in Bombay High Court. This company petition was rejected by the High Court and the petitioner was directed to file a Civil Suit for recovery of the said amount. Accordingly Shree Mahavir Ispat Ltd has filed Civil Suit No SS/4617 of 1998 in Bombay High Court which is still pending.				
3.	SS/2582 OF 2001	HARDEEP SINGH BHURJI	Summary suit under order XXXVII CPC 1908	Bombay High Court
The plaintiff a Civil Contractor was awarded the Company's Civil Work in the year 1998. He left the work unfinished, which was also unsatisfactory. He filed a summary suit against the company by claiming an amount of Rs. 0.86 lacs for the faulty and unfinished work. On 16/03/2005, an ex-parte decree was passed against the company to pay him Rs. 0.56 lacs together with the interest at the rate of 9% per annum from the date of the suit till payment of all cost of the suit. The company has filed a notice of motion in the High Court at Mumbai on 26/04/2005 to stay and set aside the said ex-parte decree.				
4.	CS/384 OF 2004	M/S.REGENCY IMPEX (INDIA)	Summary Suits for recovery	Bombay High Court
Plaintiff used to supply Stainless Steel materials to SGFL. They claimed Rs. 4.79 Lacs from company which as per company records is not payable. Hence M/s Regency Impex (India) filed a suit against SGFL. The case has not come up for hearing so far.				
5.	CC 650/S/2000 OF 1997	FORTIS FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	31st Court at Esplanade, Mumbai
The complainant has filed this case against SGFL under section 138 of Negotiable Instrument Act, 1881 as amended for bouncing of 2 cheques totaling to Rs. 2.06 lacs				
6.	CC 182/S/2003	CEAT FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	16th Court, Ballard Estate, Mumbai
The complainant has filed this case against SGFL under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 4 cheques totaling to Rs.10.39 lacs issued by SGFL to Ceat Financial Services Ltd.). SGFL has duly paid the above said amount of Ceat Financial Services Ltd by issuing fresh cheques subsequently. However, the complainant in the meantime has filed this complaint. The case is under progress in the court at Mumbai.				
7.	CC/68 OF 2002	M/s.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate, First Class, Pune
The complainant has filed this case against SGFL under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of a cheque of Rs. 6.11 lacs issued by SGFL to TISCO. The case is under progress at Pune court.				
8.	CC/69 & 70 OF 2002	M/s.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate, First Class, Pune
The complainant has filed this case against SGFL under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 2 cheques totaling to Rs. 7 lacs issued by SGFL to TISCO. The case is under progress at Pune Court.				

**The total monetary value of litigations against the company is Rs. 36.92 lacs.**

**Litigations/Disputes against Promoters/Directors****– Against Mr. Deepak B. Sekhri – Chairman cum Managing Director**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	CC 650/S/2000 OF 1997	FORTIS FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	31st Court at Esplanade, Mumbai
The complainant has filed this case against SGFL and the said director under section 138 of Negotiable Instrument Act, 1881 as amended for bouncing of 2 cheques totaling to Rs. 2.06 lacs				
2.	CC 182/S/2003	CEAT FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	16th Court, Ballard Estate, Mumbai
The complainant has filed this case against SGFL and the said director under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 4 cheques totaling to Rs.10.39 lacs issued by SGFL to Ceat Financial Services Ltd. SGFL has duly paid the above said amount of Ceat Financial Services Ltd by issuing fresh cheques subsequently. However, the complainant in the meantime has filed this complaint. The case is under progress in the court at Mumbai.				
3.	ULP/166 OF 1987	ENGINEERING WORKERS ASSOCIATION	Unfair Labour practices under items 6 of schedule II & IV of MRTU & Pulp Act 1971.	Industrial Court, Thane
The trial court has dismissed the case. The complainant has however gone for appeal in High Court.				

**– Against Mrs. Anita D. Sekhri**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	CC/68 of 2002	M/S.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate First Class, Pune
The complainant has filed this case against SGFL and the said director under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of a cheque of Rs.6.11 lacs issued by SGFL to TISCO. The case is under progress at Pune court.				
2.	CC/69 & 70 of 2002	M/S.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate First Class, Pune
The complainant has filed this case against SGFL and the said director under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 2 cheques totaling to Rs.7.00 lacs issued by SGFL to TISCO. The case is under progress at Pune Court.				

**– Against Mr. Balkrishan Sekhri**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	CC/650/S/2000 OF 1997	FORTIS FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	31st Court at Esplanade, Mumbai
The complainant has filed this case against SGFL and the said director under section 138 of Negotiable Instrument Act, 1881 as amended for bouncing of 2 cheques totaling to Rs. 2.06 lacs.				

**The total monetary value of litigations against the promoters is Rs. 27.62 lacs.**

**– Against other ventures of the promoters****1) Against Dean Akshatt Exim Private Ltd.**

Bihar Alloy Company has filed a civil suit in the High Court of Mumbai against Akshatt Forge, a division of Dean Akshatt Exim Private Ltd for an amount of Rs. 29.57 lacs.

**2) Suit filed by Dean Akshatt Exim Private Ltd.**

Dean Akshatt Exim Private Ltd filed a suit for an amount of Rs. 20.41 lacs against MSEB and a decree has been passed in the favour of the Company. However MSEB has filed an appeal.

**The total monetary value of litigations against other ventures of the promoters is Rs. 49.98 lacs.**



**B. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY**

1. Steel forms a major raw material used by SGFL. The current sustained increase in the price of steel can adversely affect the profitability of the Company.

**Management's Proposal**

The Company is sourcing raw materials from multiple vendors thereby receiving competitive prices on a long-term basis. Besides, the selling price of the products is on the increasing trend due to their demand and percentage increase in the selling price of the product is much more than the percentage increase in the price of raw material.

2. The Company operates in a globally competitive business environment. Growing competition may force the Company to reduce prices of its products, which may impact margins and market share.

**Management's Proposal**

The Company has been exporting since a decade and demand for its products are constantly increasing. Recently the company has obtained Regional Award for certificate of Export Excellence (2001-02) & Highest Export Trophy (2002-03) in the category of Steel Forgings – all Types & Highest Growth in Exports –Non SSI for 2001-02 & 2002-03 Vide Engineering Export Promotion Council (sponsored by Ministry of Commerce, Government of India) letter No.EEPC:MM:NM:REG AWARD 2004 dated 30/12/2004. The Company is well established in the business and can withstand the competition.

3. Change in the regulatory environment relating to manufacturing and marketing of forged items in and outside the country will significantly impact the business of the Company.

**Management's Proposal.**

The Company expects that the change in regulatory environment will be in its favour. The Company has its own customer's base abroad and hence any negative impact on the regulatory environment if any, will not affect the business of the company significantly.

4. A major part of the revenues of the Company are derived from exports. Fluctuation in the exchange rates may affect the profitability of the Company.

**Management's Proposal**

Most of the exports are denominated in currencies like the Euro and the Pound, which are presently favouring exporters and hence the profitability will not be affected.

5. A stagnant automobile industry may badly affect the profitability of companies in the forging industry.

**Management's Proposal**

Only 10% of the company's production comprises of auto components. Since the sales are restricted to organisations like Tractors Engineers Ltd, Godrej & Boyce Manufacturing Company Ltd., Fairfield Atlas Ltd, stagnant automobile industry condition has little impact on the company.

6. Slowdown in the Tractor Industry has badly affected profitability of companies in the forging industry.

**Management's Proposal**

Products catering to the Tractor Industry constitute less than one percent of the total sales of the Company, which is a negligible portion of SGFL's production.



**HIGHLIGHTS**

1. Existing profit making company operating in the forging industry since the past two decades.
2. Received awards for export excellence in the Financial Year 1990-91, 1992-93, 1993-94, 1994-95, 1998-99, 2000-01 & 2002-03.
3. Company has received the following quality certifications.
  - ☞ The TUV CERT/RWTUV Certification Body for having established and applying a quality system for manufacture and sale of Closed Die Steel Forgings, Flanges and Fittings according to ISO 9001:2000 vide certification registration no. 041009695.
  - ☞ The TUV CERT/RWTUV Certification Body have certified for Quality-System according to Directive 97/23/ED vide certification no. 042022440021004 for PED.
  - ☞ The TUV CERT/RWTUV Certification Body for having provided verification of compliance with the conditions in accordance with AD-2000-MERKBLATT WO vide certification registration no. 04202 W1300200018 dated 22/05/2002.
  - ☞ Lloyds Registrar Industrial Services (India) Pvt. Ltd for appendix "H" of CSA Standard B-51-95 (Quality Systems Requirements for Fitting Manufacturers).
  - ☞ Canadian Registration Number (CRN) #0B0465.9 for all the 13 provinces of Canada, i.e. British Colombia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, New Foundland & Labrador, Yukon Territory, Northwest Territory.

**NOTES :**

1.	Preissue Networth (as on 31/03/2004)	:	Rs. 582.39 lacs
	Preissue Networth (nine months period ended on 31/12/2004)	:	Rs. 1,046.74 lacs
	Post Issue Networth	:	Rs. 2481.58 lacs
	Issue Size	:	Public Issue of 50,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs.20/- per share aggregating to Rs. 1500 lacs.
	Cost per share to the promoter	:	Rs. 10/-
	Net Asset Value per share (as on 31/12/2004)	:	Rs. 26.44

2. Related party disclosures under Accounting Standard 18 issued by the Institute of Chartered Accountants of India.
  - a. The following are the names of related parties and description of relationship:
    - i. Key management personnel: Mr. Deepak B. Sekhri (Chairman cum Managing Director) and Mrs. Anita D. Sekhri (Executive Director)
    - ii. Associate: Dean Akshatt Private limited, Namha Profile Inc., Namha Exim Private Limited, S.Sarup & Company and Chandramouli Silk Mills.



- b. The following are the transactions with related parties during the nine months period ended 31/12/2004 and outstanding balances as at the period end disclosed in aggregate by type of related party:

(Rs. in lacs)

Sr. No.	Name of Other Venture	Nature of Transaction	Amount
1.	Namha Exim Private Ltd	a. Purchase of Raw Material	111.03
		b. Sale of Material	290.74
		c. Rent Received	0.90
2.	Dean Akshatt Exim P Ltd	a. Lease Rental	31.50
		b. Accounting & Admn Charges	21.60
		c. Machining Charges	51.37
3.	Chandramouli Silk Mills	a. Interest	11.31
		b. Machining Charges	2.28
		c. Car Hire Charges	1.71
4.	S.Sarup & Co	a. Lease Rent	1.35
5.	Namha Profile Inc	Interest	2.26
6.	D. B. Sekhri	Interest	8.67
7.	D.B. Sekhri (HUF)	Interest	1.49
8.	A.D. Sekhri	Interest	0.16
9.	Akshatt Sekhri	Interest	0.95
10.	Namha Sekhri	Interest	0.68

3. Besides the above, and reimbursement of expenses incurred or normal remuneration or benefits there is no interest of promoters/directors/ key management personnel in SGFL.
4. The Company was incorporated as Shree Ganesh Fibres Private Limited on 18/09/1972 under Companies Act, 1956. Thereafter the name of the Company was changed to Shree Ganesh Forgings Pvt. Ltd. on 01/01/1982 pursuant to change in the main object clause of the Company. The present name of the Company is Shree Ganesh Forgings Ltd. The change in name was effected to reflect the business segment in which the company operates.
5. The company, its directors, company's associates or group companies have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The promoters, their relatives, issuer, group companies, associate companies are not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed in the past or pending against them.
6. The Lead Manager and the Company shall update this Prospectus and keep the shareholders/public informed of any material changes till the listing and trading commencement.



**PART I**  
**SECTION II. GENERAL INFORMATION**  
**SHREE GANESH FORGINGS LIMITED**  
(Formerly known as Jai Shree Ganesh Forgings Limited)

(Incorporated as Shree Ganesh Fibres Private Limited on 18/09/1972 under Companies Act, 1956. Thereafter the name of the company was changed to Shree Ganesh Forgings Pvt. Ltd. on 01/01/1982 pursuant to change in the main object clause of the Company. The Company became a public limited company w.e.f. 01/07/1994. The name of the Company was further altered to Jai Shree Ganesh Forgings Ltd. on 13/03/2001 and then changed to its present name i.e. Shree Ganesh Forgings Ltd. on 03/09/2002).

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Tel: (022) 2768 1193, 2763 2024; Fax: (022) 2767 0267

**AUTHORITY FOR THE ISSUE**

The shareholders of the Company, vide a special resolution passed under section 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting held on 30/11/2004, have authorised the issue of equity shares. The Board of Directors of the company (hereinafter referred to as "The Board") pursuant to a resolution passed at the Meeting held on 06/12/2004 have decided to offer 50,00,000 equity shares of Rs. 10/- each at a premium of Rs. 20/- per equity share aggregating to Rs. 1500 lacs.

**PROHIBITION BY SEBI**

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

**ELIGIBILITY**

In terms of clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, SGFL is eligible to make a Public Issue of equity shares as explained below:

- Net Tangible Assets of the company are more than Rs. 3 Crores for past three years (of 12 months each) and further not more than 50% of the same is held in monetary assets.
- Networth of the company has been more than Rs. 1 crore in each of the past three years.
- The Company has a track record of distributable profits as per section 205 of the Companies Act, 1956 for atleast three out of immediately preceding five years.
- The proposed Issue size does not exceed five times the pre-issue networth as per the audited accounts for the years ended on 31/03/2004.
- The prospective allottees will not be less than one thousand (1000) in number.

The distributable profits as per Section 205 of the Companies Act, 1956, networth, net tangible assets and monetary assets for the past three years are as follows:

(Rs. in Lacs)

Particulars	31st March 2002	31st March 2003	31st March 2004
Distributable Profits	54.34	79.43	125.28
Net Tangible Assets	1624.07	1718.58	1834.07
Networth	434.08	513.52	582.39
Monetary Assets	138.46	164.68	175.07
Monetary Assets as a percentage of Net Tangible assets	8.52	9.58	9.55



#### DISCLAIMER CLAUSE

As required a copy of this Prospectus has been submitted to SEBI. It is to be distinctly understood that the submission of this Prospectus to SEBI should not, in any way, be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made, or for the correctness of the statements made or opinions expressed in the Prospectus. Lead Manager Keynote Corporate Services Limited has certified that the disclosures made in the Prospectus are generally adequate and are in conformity with SEBI guidelines for disclosures and investor protection 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 Company and the Offeror is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the Prospectus, the Lead Manager is expected to exercise Due Diligence to ensure that the company discharges its responsibility adequately in this behalf and towards this purpose, the Lead Manager, Keynote Corporate Services Limited has furnished to SEBI a Due Diligence Certificate dated 10/01/2005 in accordance with SEBI (Merchant Bankers) Regulation 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 Prospectus pertaining to the said Public 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 Public 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 Prospectus forwarded to SEBI is in conformity with the documents, materials and papers relevant to the Public Issue;
  - (b) all the legal requirements connected with the said Public Issue, as also the guidelines, instructions, etc. issued by SEBI, the Government and another competent authority in this behalf have been duly complied with; and
  - (c) the disclosures made in the Prospectus are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed Public Issue.
- iii. We confirm that besides ourselves, all the Intermediaries named in the Prospectus are registered with SEBI and that till date such registration is valid.
  - iv. We certify that written consent from shareholders has been obtained for inclusion of their securities as part of promoter's contribution subject to lock-in and the securities proposed to form part of promoter's contribution subject to lock-in will not be disposed/sold/transferred by the promoters during the period starting from the date of filing the draft prospectus with the Board till the date of commencement of lock in period.

The filing of the Prospectus does not, however absolve the company from any liabilities under section 63 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 Public Issue. SEBI further reserves the right to take up at any point of time, with the lead manager for any irregularities or lapses in the Prospectus.

The promoters / directors of Shree Ganesh Forgings Limited viz. Mr. Balkrishan Sekhri, Mr. Deepak B. Sekhri, Mrs. Anita D. Sekhri, Mr. Albert D'Souza, Mr. Gian Prakash Singh, Mr. Anand Vardhan, Mr. Krishan Kumar Khurana and Mr. Pal Uppal confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/with held and/ or amounts to a mis-statement/mis-representation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

#### DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and 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, or any other Trust law and who are authorised under their constitution



to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in 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 submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of SGFL since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI (DESIGNATED STOCK EXCHANGE)**

The Stock Exchange, Mumbai has given the permission to Shree Ganesh Forgings Limited vide their letter no. List/smg/sdm/sm/2005 dated 02/03/2005 to use their name in this Prospectus as the stock exchange on which the equity shares are proposed to be listed. The Stock Exchange, Mumbai has scrutinized this Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to Shree Ganesh Forgings Limited. The exchange does not in any manner:

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus or
- b. warrant that the securities will be listed or will continue to be listed on the Exchange, or
- c. take any responsibility for the financial or other soundness of Shree Ganesh Forgings Limited, its promoters, its management or any scheme or project of Shree Ganesh Forgings Limited.

and it should not, for any reason be deemed or construed that this Prospectus has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this issuer may do so pursuant to an independent inquiry or any 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 other reason whatsoever.

#### **CAUTION STATEMENT / COMPANY DISCLAIMER**

The Issuer Company accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at the instance of the Company and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

#### **DECLARATION**

The Board of Directors of SGFL state that: -

- i) All the complaints in respect of the Public Issue shall be attended to by the Company expeditiously and satisfactorily.
- ii) The Company shall take necessary steps for completion of the necessary formalities for listing and commencement of trading on BSE within 7 working days of finalisation of basis of allotment.
- iii) The Company shall apply in advance for the listing of equity shares.
- iv) The funds required for despatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Offer by the Company.
- v) The certificates of the securities/ refund orders to the non-resident Indians shall be despatched within 30 days from the closure of the issue.
- vi) No further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application money is refunded on account of non-listing, undersubscription etc.
- vii) All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- viii) Details of all monies utilised out of Public Issue referred to in sub-item(vii) shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilised; and
- ix) Details of all unutilised monies out of the present Public Issue, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilised monies have been invested.



**FILING**

A copy of this Prospectus has been filed with SEBI, Mittal Court, Nariman Point, Mumbai – 400 021, Registrar of Companies, Maharashtra, Kalachowki, Mumbai and The Stock Exchange, Mumbai (BSE), P J Towers, Dalal Street, Mumbai where the equity shares of the company are proposed to be listed.

**APPLICATION IN FICTITIOUS NAMES**

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

“Any person who-

- (a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or
- (b) otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

**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.

**LISTING**

The Equity shares of the Company are proposed to be listed on The Stock Exchange, Mumbai (BSE). The Company has received in-principle approval from BSE vide their letter no. List/smg/sdm/sm/2005 dated 02/03/2005 for listing of the equity shares being issued in terms of this Prospectus.

If the permission to deal in and for an official quotation of the equity shares is not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay, interest shall be paid in accordance with the provisions of Section 73 of the Act.

**ISSUE PROGRAM**

OFFER OPENS ON	WEDNESDAY, MAY 18, 2005
OFFER CLOSES ON	TUESDAY, MAY 24, 2005

**ISSUE MANAGEMENT TEAM**

***Lead Manager To The Issue***

**KEYNOTE**

CORPORATE SERVICES LTD.

307, Regent Chambers

Nariman Point,

Mumbai – 400 021

Tel: (022) 22025230, Fax: (022) 22835467

E-mail: sgfl\_ipo@keynoteindia.net

SEBI Regn No: INM 000003606

***Registrars to the Issue***

**BIGSHARE SERVICES PVT. LTD.**

E/2, Ansa Industrial Estate, Saki Vihar Road,

Sakinaka, Andheri(E), Mumbai – 400 072.

Tel.: (022) 2847 0652/0653 Fax: (022) 2847 5207

e-mail : bigshare@bom7.vsnl.net.in

SEBI Regn. No.: INR000001385



**Auditors to the Company**

**R.K. Chaudhary & Associates**

Kamanwala Chambers, 3<sup>rd</sup> floor,  
Sir P.M. Road, Fort,  
Mumbai – 400 001.  
Tel: (022) 5639 3450  
Fax: (022) 5639 3451

**Compliance Officer**

**Mr. M. Manickam**

GM(Finance) & Company Secretary  
5/5A, Kamanwala Chambers,  
4<sup>th</sup> Floor, Sir P.M. Road,  
Fort, Mumbai – 400 001.  
Tel: (022) 5631 1055, 5631 1054  
Fax: (022) 2262 5217;

**Bankers to the Company**

**Corporation Bank**

Industrial Finance Branch  
Bharat House No. 104, Ground Floor,  
Bombay Samachar Marg,  
Fort, Mumbai – 400 023.  
Tel: (022) 22677088/22693453/22670951  
Fax: (022) 22675309

**Bankers to the Issue**

**Corporation Bank**

Investments and International Banking Division  
15, Mittal Chambers,  
Nariman Point  
Mumbai 400 021  
Tel: (022) 22023304/22028214/22023245  
Fax: (022) 22851715/22814728

**HDFC Bank Ltd.**

Process House, 2<sup>nd</sup> Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013  
Tel: (022) 24988484  
Fax: (022)24963871

**Canara Bank**

Capital Market Services Branch  
Varma Chambers, No. 11,  
Homji Street, Fort,  
Mumbai - 400001.  
Tel No. : (022) 2269 2973  
Fax : (022) 2266 4140

**Brokers to the Issue**

All the brokers registered with SEBI will be brokers to the said issue of equity shares.

**CREDIT RATING/DEBENTURE TRUSTEE**

This being an Public Issue of Equity Shares, no Credit Rating or appointment of Debenture Trustee is required.

**UNDERWRITING/ STANDBY SUPPORT**

The present Public Issue is not underwritten

**SECTION III: CAPITAL STRUCTURE**

Particulars		Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
<b>A</b>	<b>AUTHORISED</b> 1,32,50,000 equity shares of Rs. 10/- each	13,25,00,000	—	13,25,00,000
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b> 75,00,000 equity shares of Rs. 10/- each	7,50,00,000	—	7,50,00,000
<b>C</b>	<b>PRESENT PUBLIC ISSUE</b> 50,00,000 equity shares of Rs. 10/- each being offered at a price of Rs. 30/- per share aggregating to Rs. 1500 lacs	5,00,00,000	10,00,00,000	15,00,00,000
<b>D</b>	Out of (C) above – 7,50,000 equity shares of Rs. 10/- each being issued at a price of Rs. 30/- per share aggregating to Rs. 225 lacs are reserved for NRIs/FIIs on competitive basis. – 5,00,000 equity shares of Rs. 10/- each being issued at a price of Rs. 30/- per share aggregating to Rs. 150 lacs are reserved for Banks, Mutual Funds & Indian Financial Institutions on competitive basis.	75,00,000 50,00,000	1,50,00,000 1,00,00,000	2,25,00,000 1,50,00,000
<b>E</b>	<b>NET OFFER TO PUBLIC</b> 37,50,000 equity shares of Rs. 10/- each being offered at a price of Rs. 30/- per share aggregating to Rs. 1125 lacs in terms of the Prospectus	3,75,00,000	7,50,00,000	11,25,00,000
<b>F</b>	<b>TOTAL PAID UP CAPITAL AFTER THE PUBLIC ISSUE</b> 1,25,00,000 equity shares of Rs. 10/- each	12,50,00,000	10,00,00,000	12,50,00,000
<b>G</b>	<b>SHARE PREMIUM ACCOUNT</b> Before the Public Issue After the Public Issue		— 10,00,00,000	

**Note:**

Changes in the authorized capital since inception are as follows:

Date	Increased By	Authorised Capital Increased to
At Incorporation	—	5000 equity shares of Rs. 100/- each aggregating to Rs. 5 Lacs
28/01/1981	5000 equity shares of Rs. 100/- each	10,000 equity shares of Rs. 100/- each aggregating to Rs. 10 Lacs
26/12/1981	5000 equity shares of Rs. 100/- each	15,000 equity shares of Rs. 100/- each aggregating to Rs. 15 Lacs
07/12/1984	10,000 equity shares of Rs. 100/- each	25,000 equity shares of Rs. 100/- each aggregating to Rs. 25 Lacs
F.Y. 1995-96	One Equity share of Rs. 100/- was split into 10 equity shares of Rs. 10/- each	2,50,000 equity shares of Rs. 10/- each aggregating to Rs. 25 Lacs.
15/12/1995	7,50,000 equity shares of Rs. 10/- each	10,00,000 equity shares of Rs. 10/- each aggregating to Rs. 100 Lacs.
11/01/1999	10,00,000 equity shares of Rs. 10/- each	20,00,000 equity shares of Rs. 10/- each aggregating to Rs. 200 Lacs.
12/01/2004	30,00,000 equity shares of Rs. 10/- each	50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 500 Lacs.
21/10/2004	82,50,000 equity shares of Rs. 10/- each	1,32,50,000 equity shares of Rs. 10/- each aggregating to Rs. 1325 Lacs.

The company has completed all relevant ROC formalities in this regard.

- An applicant in the net public category cannot make an application for that number of equity shares exceeding the number of securities offered to the public.
- An applicant who makes an application under the 'reservation' category, is not allowed to make an application in the 'net public offer' category





- iii. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of security which exceeds the reservation.
- iv. The unsubscribed portion in the reserved category may be added back to any other reserved category.
- v. The unsubscribed portion, if any, after such interse adjustments amongst the reserved categories shall be added back to the net offer to the public.
- vi. 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.

**Notes to the Capital Structure:**

1. Details of present Equity Share Capital of the Company are as follows:

Sr. No.	Date of Allotment/ Date when fully paid-up	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Type of Issue	Consideration	% to Post Issue Capital (%)
1.	Upto 05/09/1981	100	-	5,500	Allotment to the promoters	Cash*	0.44
2.	22/01/1982	100	100	4,660	Allotment to the promoters	Cash	0.37
3.	13/03/1982	100	100	4,500	Allotment to the promoters	Cash	0.36
4.	29/09/1986	100	100	9,340	Allotment to the promoters	Cash	0.75
5.	F.Y. 1995-1996	10	10	2,40,000	Each equity share of Rs. 100/- each split into ten equity shares of face value of Rs. 10/- during the FY 1995-1996.		
6.	29/03/1996	10	10	5,10,000	Allotment to the promoters	Cash	4.08
7.	30/09/1996	10	10	2,50,000	Allotment to the promoters	Cash	2.00
8.	01/03/2000	10	10	10,00,000	Allotment to the promoters	Cash	8.00
9.	26/02/2004	10	10	30,00,000	Allotment to the promoters	Bonus in the ratio of 3:2	24.00
10.	06/12/2004	10	10	25,00,000	Allotment to the promoters	Cash	20.00
	<b>Total</b>			<b>75,00,000</b>			<b>60.00</b>

\* Includes 500 equity shares of Rs. 100/- each allotted on 05/09/1981 for consideration other than cash.

Details of the Shares issued to the promoter during the preceding one year:

Sr. No.	Date of Allotment/ Date when fully paid-up	Name of the promoter	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Reason for the issue
1.	06/12/2004	Mr. Deepak Sekhri	10	10	7,50,000	To broad base the equity capital of the Company by infusing fresh capital
2.		Mrs. Anita Sekhri	10	10	7,50,000	
3.		Mr. Deepak Sekhri (HUF)	10	10	2,50,000	
4.		Mr. Akshatt Sekhri	10	10	2,50,000	
5.		Ms. Namha Sekhri	10	10	2,50,000	
6.		Namha Profile Inc.	10	10	2,50,000	
	<b>TOTAL</b>				<b>25,00,000</b>	



Details of the Shares issued to the promoter for consideration other than cash:

Date of Allotment/ Date when fully paid-up	Name of the promoter	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Reason for the issue
26/02/2004	Mr. Deepak Sekhri	10	10	16,58,157	Shares issued as bonus shares in the ratio of 3:2 to the existing shareholders
26/02/2004	Mrs. Anita Sekhri	10	10	31,200	
26/02/2004	Mr. Deepak Sekhri (HUF)	10	10	5,17,500	
26/02/2004	Mrs. Anita Sekhri jointly with Deepak Sekhri (HUF)	10	10	60,000	
26/02/2004	Mr. Balkrishan Sekhri	10	10	52,125	
26/02/2004	Mr. Deepak Sekhri jointly with B.K. Sekhri	10	10	47,940	
26/02/2004	Mr. Akshatt Sekhri	10	10	3,38,850	
26/02/2004	Ms. Namha Sekhri	10	10	2,94,075	
26/02/2004	Namha Profile Inc.	10	10	75	
26/02/2004	Chandramouli Silk Mills	10	10	75	
26/02/2004	Mr. P.K. Chakravarty	10	10	01	
26/02/2004	Mr. Anantha Narayan Nair	10	10	01	
26/02/2004	Mrs. Nalini Vasant Kumar Kotian	10	10	01	
	<b>TOTAL</b>			<b>30,00,000</b>	

2. Present Issue

Type of Issue	Type of Instrument	Face Value (Rs.)	No. of equity shares	Issue Price (Rs.)	Consideration
Public Issue	Equity Shares	10/-	50,00,000	30/-	Cash

3. The pre and post offer shareholding pattern of the Company is given below:-

Particulars	Pre Issue		Post Issue	
	No. of equity shares	% to present share capital	No. of equity shares	% to Post Issue share capital
Promoter/directors & other persons in promoter group	75,00,000	100.00	75,00,000	60.00
Financial Institutions/ Banks/ Mutual funds	-	-	50,00,000	40.00
Private Corporate Bodies	-	-		
Indian Public	-	-		
NRIS/FIIs	-	-		
<b>Total</b>	<b>75,00,000</b>	<b>100.00</b>	<b>1,25,00,000</b>	<b>100.00</b>



4. The shareholding pattern of the promoter group is as detailed below:

Particulars	Present		Post Issue	
	No. of Equity Shares of Rs.10/- each	% of Present Capital	No. of Equity Shares of Rs.10/- each	% of post Issue capital
<b>a) Promoters</b>				
Mr. Deepak Sekhri	35,13,594	46.84	35,13,594	28.11
Mr. Balkrishan Sekhri	86,875	1.16	86,875	0.69
Mrs. Anita Sekhri	9,02,000	12.03	9,02,000	7.22
<b>SUB-TOTAL (a)</b>	<b>45,02,469</b>	<b>60.03</b>	<b>45,02,469</b>	<b>36.02</b>
<b>b) Immediate relatives of promoter/ Director (Spouse, parent, child, brother, sister)</b>				
Mr. Akshatt Sekhri	8,14,750	10.86	8,14,750	6.52
Ms. Namha Sekhri	7,40,125	9.87	7,40,125	5.92
Mr. P.K. Chakravarty	2	0.00	2	0.00
Mr. Anantha Narayan Nair	2	0.00	2	0.00
Ms. Nalini Vasant Kumar Kotian	2	0.00	2	0.00
<b>SUB-TOTAL (b)</b>	<b>15,54,881</b>	<b>20.73</b>	<b>15,54,881</b>	<b>12.44</b>
<b>c) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member</b>				
M/s Namha Profile Inc.	2,50,125	3.34	2,50,125	2.00
M/s Chandra Mouli Silk Mills	125	0.00	125	0.00
<b>SUB-TOTAL (c)</b>	<b>2,50,250</b>	<b>3.34</b>	<b>2,50,250</b>	<b>2.00</b>
<b>d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital</b>	–	–	–	–
<b>e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total</b>				
Mr. Deepak Sekhri (HUF)	11,12,500	14.83	11,12,500	8.90
Mr. Balkrishan Sekhri (HUF)	79,900	1.07	79,900	0.64
<b>SUB-TOTAL (e)</b>	<b>11,92,400</b>	<b>15.90</b>	<b>11,92,400</b>	<b>9.54</b>
<b>TOTAL</b>	<b>75,00,000</b>	<b>100.00</b>	<b>75,00,000</b>	<b>60.00</b>

5. Promoters holding and lock-in

Name of Promoter	Date of allotment & Fully Paid- up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital	Lock –in Upto @
Mr. Deepak Sekhri	26/02/2004	Bonus	16,58,157	10	10	13.27	3 years
Mr. Akshatt Sekhri	26/02/2004	Bonus	3,24,343	10	10	2.59	3 years
Deepak Sekhri (HUF)	26/02/2004	Bonus	5,17,500	10	10	4.14	3 years
<b>Total</b>			<b>25,00,000</b>			<b>20.00</b>	

@These shares will be locked in for a period of three (3) years from the date of allotment in this public issue.

The entire pre-issue share capital, other than that locked in as promoter's contribution for 3 years, will be locked in for a period of one year from the date of allotment in this public issue.

**Note:**

Shares held by promoter(s) which are locked in, may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.

Equity shares of promoters, locked in may be pledged only with banks or financial institution as collateral security for loans granted by such banks or FIs provided the pledge of shares is one of the terms of sanction of loan.

6. The company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the company.
7. The Equity Shares will be issued and traded on the stock exchange only in dematerialised form. Hence the market lot of the equity shares is 1 (One share).
8. The ten largest shareholders two years prior to the date of filing of this Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1.	Mr. Deepak Sekhri	10,13,040	50.65
2.	Mr. Deepak Sekhri (HUF)	3,05,000	15.25
3.	Mr. Akshatt Sekhri	2,25,950	11.29
4.	Ms. Namha Sekhri	1,96,100	9.80
5.	Mrs.Poonam Soni	61,000	3.05
6.	Mrs. Anita Sekhri	40,000	2.00
7.	Mr. B.K.Sekhri	34,750	1.74
8.	Ms. Mamta Sekhri	32,500	1.63
9.	Mr. Balkrishan .Sekhri (HUF)	31,960	1.60
10.	Mrs. Madhu Lekhi	31,100	1.56
	<b>TOTAL</b>	<b>19,71,400</b>	<b>98.57</b>

9. The ten largest shareholders as on 10 days prior to the date of filing of the Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1.	Mr. Deepak B. Sekhri	35,13,594	46.85
2.	Mr. Deepak B. Sekhri (HUF)	11,12,500	14.83
3.	Mrs. Anita D. Sekhri	9,02,000	12.02
4.	Mr. Akshatt Sekhri	8,14,750	10.86
5.	Ms. Namha Sekhri	7,40,125	9.87
6.	Namha Profile	2,50,125	3.34
7.	Mr. Balkrishan Sekhri	86,875	1.16
8.	Mr. Balkrishan Sekhri (HUF)	79,900	1.07
9.	Chandra Mouli Silk Mills	125	0.00
10.	Mr. P. K. Chakravarty	2	0.00
	<b>TOTAL</b>	<b>74,99,996</b>	<b>100.00</b>



10. The ten largest shareholders as on the date of filing of the Prospectus with ROC are as follows:

<b>Sr. No.</b>	<b>Name of the Shareholder</b>	<b>Number of Shares</b>	<b>% of issued Capital</b>
1.	Mr. Deepak B. Sekhri	35,13,594	46.85
2.	Mr. Deepak B. Sekhri (HUF)	11,12,500	14.83
3.	Mrs. Anita D. Sekhri	9,02,000	12.02
4.	Mr. Akshatt Sekhri	8,14,750	10.86
5.	Ms. Namha Sekhri	7,40,125	9.87
6.	Namha Profile	2,50,125	3.34
7.	Mr. Balkrishan Sekhri	86,875	1.16
8.	Mr. Balkrishan Sekhri (HUF)	79,900	1.07
9.	Chandra Mouli Silk Mills	125	0.00
10.	Mr. P. K. Chakravarty	2	0.00
	<b>TOTAL</b>	<b>74,99,996</b>	<b>100.00</b>

11. The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
12. Total number of shareholders as on date is 14.
13. There are no other transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates directly or indirectly through other persons, except the preferential allotment of 25,00,000 number of equity shares of Rs.10/- each of the company at par to Mr. Deepak B. Sekhri and his associates on 06/12/2004.
14. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investor as below:-
- A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
  - The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.
15. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
16. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Prospectus to SEBI for the Public Issue till the securities referred in the aforesaid have been listed.
17. The Company does not propose to alter the capital structure by way of split or consolidation of the denomination of the shares or the issue of shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities within a period of six months from the date of opening of the present Public Issue.



## SECTION IV: TERMS OF THE PRESENT ISSUE

### PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The equity shares being issued are subject to terms of this Prospectus, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment/ Equity Share Certificates or other documents and the guidelines issued from time to time by the Government of India and Securities & Exchange Board of India.

### INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS /REFUND ORDERS

#### The Company agrees that -

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the Public Issue.
- b. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/refund orders have not been despatched to the applicants within 30 days from the date of the closure of the issue.

### RANKING OF EQUITY SHARES

The equity shares being offered shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu with the other equity shares of the Company in all respect.

### RIGHTS OF THE EQUITY SHAREHOLDERS

The Equity Shares now being offered shall rank pari-passu in all respects with the other Equity Shares. The Shareholders are entitled to receive dividend as and when declared, bonus and rights shares as and when made. The instrument holder shall also be entitled to the rights given under Section 206(A) of the Act and any other rights under the law.

### DENOMINATION OF SHARES

The equity shares of the Company are issued in denomination of Rs. 10/-which is a standard denomination of shares. At any time there shall be only one denomination for the shares of the Company and the Company shall comply with such disclosures and accounting norms as may be specified by SEBI from time to time in this respect.

### WHO CAN APPLY

1. Indian National Resident.
2. Hindu Undivided Families (HUF) through the Karta of the HUF. (Applications by HUF would be given the same treatment as that to applications by individuals)
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the shares.
4. Scientific and/or Industrial Research Organisations, which are authorised to invest in the equity shares.
5. Indian Mutual Funds registered with SEBI.
6. Indian Financial Institutions & Banks.
7. Trusts who are registered under the Societies Registration Act, 1860 or any other Trust Law and are authorised under their constitution to hold and invest in shares subject to provisions of Section 3A of the Bank Nationalisation Act.
8. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
9. Venture Capital Funds registered with SEBI.
10. Foreign Venture Capital Investors registered with SEBI.
11. State Industrial Development Corporation.
12. Provident Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
13. Pension Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
14. Multilateral and bilateral development financial institutions.
15. Permanent and Regular employees/Working Directors of the Company.
16. Non Resident Indians (NRIs)/FII's on repatriation basis.

Pursuant to the existing regulations, OCBs are not eligible to participate in the issue.



## TERMS OF PAYMENT

### a) For Indian Resident Public

The application (**WHITE in colour**) must be for a minimum of 170 equity shares and thereafter in multiples of 170 shares. The entire amount of Rs. 30/- per share is payable on application.

### b) For Non-Resident Indians (NRI's) / Foreign Financial Institutions (FI's)

The application (**PINK in colour**) must be for a minimum of 170 equity shares and thereafter in multiples of 170 shares. The entire amount of Rs. 30/- per share is payable on application.

### c) For Mutual Funds/Banks/Financial Institution (FI's)

The application (**GREEN in colour**) must be for a minimum of 1,700 equity shares and thereafter in multiples of 170 shares. The entire amount of Rs. 30/- per share is payable on application.

## NOMINATION

In terms Section 109 (A) of the Companies Act 1956 nomination facility is available in case of equity shares. The applicant may nominate any person by filling the relevant details in the application form at the space provided for the purpose.

## APPLICATION MONEY

The sums received in respect of the Public Issue will be kept in separate Bank account in accordance with the provision of the Section 73 of the Companies Act and the Company shall not utilise the fund till listing and trading permission is obtained from BSE.

## FORFEITURE

Since full money on application is called for and Company will proceed with the allotment of securities only on receipt of full money, there will not be any forfeiture of shares.

## HOW TO APPLY:

### GENERAL INSTRUCTIONS

### AVAILABILITY OF APPLICATION FORMS AND PROSPECTUS.

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the Public Issue, Brokers to the Public Issue and the Bankers to the Public Issue named herein or from their branches as stated on the reverse of the application form.

### PROCEDURE FOR APPLICATION

#### APPLICATION BY RESIDENT INDIAN PUBLIC

1. Application must be made only:
  - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
  - b. For a minimum of 170 Equity Shares and in multiples of 170 thereafter.
  - c. In single name or joint names (not more than three);
  - d. By Indian Nationals resident in India, and
  - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees or in the name of any other entity "Who can Apply" under the said category. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant can apply for that many number of shares that are being issued to public in terms of this Public Issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.



4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Bank Name A/c- SGFL – Public Issue" and crossed "Account Payee Only" (e.g. **Corporation Bank A/c –SGFL – Public Issue**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Public Issue or to the Registrars to the Public Issue.
6. No receipt will be issued for the application money. However, Bankers to the Public Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. When an application for Equity Shares is for a total value of Rs.50,000/- or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number(PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.
8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
10. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk alongwith Demand Draft payable at Mumbai only payable to "**SGFL - Public Issue**".
11. For further instructions please read Application Form carefully.

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

1. Applications by Non-Resident Indians/FIIs must be made only:
  - a. In the prescribed Application Form (**PINK in colour**) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
  - b. For a minimum of 170 Shares and in multiples of 170 thereof.
  - c. In single or joint names (not more than three).
  - d. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and export securities to NRI's/OCB's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs with repatriation basis.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of INR 30/- or equivalent of INR 30/- remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/Foreign Currency Non-Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of the remittance, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms. The payment for such allotments shall come through external source only and that the payments through NR(O) account will not be permitted.
4. NRIs wishing to pay through NR(O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked Bank Name A/c SGFL-Public Issue-NRI's/FII's (e.g. **Corporation Bank - SGFL - Public Issue - NRIs/FIIs**). A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.
6. Applicants are requested to mention the number on the application form on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current A/c no. on the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.





For further instructions please read the Application Form carefully.

**APPLICATION BY INDIAN FINANCIAL INSTITUTIONS (FIs) /MUTUAL FUNDS/ BANKS**

1. Application by Indian Financial Institutions, Banks & Mutual Funds must be made only :
  - (i) In the prescribed application form (**GREEN in colour**) completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form.
  - (ii) For a minimum of 1,700 equity shares and in multiples of 170 thereafter.
  - (iii) Allotment will be made on competitive basis.
  - (iv) Application made otherwise are liable to be rejected.
2. Payment shall be made in cash or by cheque or by bank draft. Cheques or bank drafts should be drawn on any bank (including a Co-operative Bank) which is situated at and is member or sub-member of the Banker's Clearing House located at the centre where the Application Form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected. Money orders/Postal orders will not be accepted.
3. Cheques/bank drafts should be crossed "Account Payee Only" and should be made payable to any of the Bankers to the issue with whom the application is to be lodged and marked "**Bank Name A/c SGFL - Public Issue – IFI's/Banks/MF's**" (e.g. "**Corporation Bank A/c SGFL - Public Issue - IFIs/ Banks/MFs - which ever applicable** "). A separate cheque or bank draft should accompany each Application Form.
4. All application forms duly completed together with cash/cheque/Bank Draft (Money orders/ Postal orders will NOT be accepted) for the amount payable on application at the rate of Rs.30/- per equity share must be delivered before the close of the Subscription List to any of Bankers to the issue named herein or to any of their branches mentioned in the Application Form and NOT to the Company or Registrars or Lead Managers to the Public Issue.
5. No receipt will be issued for the application money. However, the Bankers to the Public Issue or their branches receiving the applications will acknowledge receipt by stamping and returning to the applicants, the acknowledgment slip at the bottom of each application form.
6. The application form number should be mentioned on the reverse of the instrument through which the payment is made. Applicants are advised, in their own interest, to indicate the name of their bank and the savings / current account number in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

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

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

**GENERAL INFORMATION**

**JOINT APPLICATIONS:**

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/ interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

**MULTIPLE APPLICATIONS:**

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason.

In case of applications by Mutual Funds, 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, provided that the applications, made by the Asset management Company/ Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

**APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES:**

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.



Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

**APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRARS TO THE PUBLIC ISSUE**

**DISPOSAL OF APPLICATIONS AND APPLICATION MONEY:**

No receipt will be issued for the application money. However, the bankers/collection centre to the issue and/or their branches receiving the applications will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by despatch of allotment letter or regret letter and/or pay orders of value over Rs.1500/-, if any, by Registered Post within 10 weeks of the date of closure of the subscription list. Refunds of value not over Rs.1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en-cashing refund pay orders/cheques at any other place will be payable by the applicant.

The Board of Directors reserves, at its sole, absolute and unqualified discretion, the right to reject any application in full or in part without assigning any reason. If an application is rejected in full, the whole of the application money will be refunded to the applicant and in case of Joint applications, to the first named applicant. Where an application is rejected in part, the excess application money will be refunded to the applicant in accordance with the provisions of Section 73 of the Act. In case of any delay in sending the refund orders by more than eight days beyond 10 weeks from the date of closing of the subscription list, interest will be paid at the rates prescribed under Section 73 of the Act, to such applicants. However the Company shall as far as possible despatch the Share Certificates & Refund Orders within 30 days.

The Company undertakes to make available to the Registrars to the issue, adequate funds for allotment letters/share certificates to be sent by registered post.

The sums received in respect of the Public Issue will be kept in separate Bank account(s) and the issuer will not appropriate the funds unless approval of the Designated Stock Exchange i.e. BSE is obtained for allotment and no utilisation shall be made till listing approval is obtained from BSE where the shares are proposed to be listed.

**BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE. In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as given below:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allotted to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d. For applications where the proportionate allotment works out to less than 170 Shares the allotment will be made as follows:
  - (i) each successful applicant shall be allotted 170 Shares; and
  - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 170, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 170 equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allotment shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under Para E of the Capital Structure mentioned in the Prospectus.
- h. The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.



- ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retail individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
- iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allotment to applicants in the other category, if so required.

'Retail individual investor' means an investor who applies for shares of value of not more than Rs. 50,000/-

Investors may note that in case of over - subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawl of lots (where required) to finalize the basis of allocation shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

#### **DEMATERIALIZATION**

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The Company has entered into a tripartite agreement dated 15/03/2005 with the National Depository Services Ltd. (NSDL) and Bigshare Services Pvt. Ltd. (Registrar and Transfer Agent) for dematerialisation of the equity shares of the Company. The Company has also entered into a tripartite agreement dated 19/04/2005 with the Central Depository Services (India) Limited (CDSL) and Bigshare Services Pvt. Ltd. for dematerialisation of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is INE868G01019.

An applicant has an option to seek allocation of equity shares of SGFL in electronic and / or physical form.

#### **INVESTORS SHOULD NOTE THAT TRADING IN SECURITIES OF THE COMPANY SHALL BE IN DEMATERIALIZED FORM ONLY.**

- ➔ The application form shall contain space for indicating numbers of shares subscribed for in demat and physical shares or both.
- ➔ Separate applications for electronic and physical shares by the same applicant would amount to multiple applications. Every applicant should make only one application seeking shares in either demat and / or physical form.
- ➔ An applicant who wishes to apply for shares must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/ CDSL registered with SEBI, prior to the application.
- ➔ The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- ➔ For subscription in electronic form, names in the shares application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.
- ➔ In case of partial allocation, allocation will be done in demat option for the shares sought in demat and balance if any, will be allotted in physical form.
- ➔ Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- ➔ Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue,
- ➔ The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- ➔ It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.
- ➔ The Applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain Applicant's correspondence address from the said Depository Account of the Applicant. The applicants are advised to update the correct correspondence address in their respective DP A/cs.

#### **SECTION 269 SS OF INCOME TAX, 1961**

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

#### **DISCLOSURE OF P.A.N. / G.I.R. NUMBER:**

Where an application for allotment of securities is for a total value of Rs.50,000/- or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50,000/- or more the applicant or in case of application in joint names, each of the applicants, should mention his / her



permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

Further to this, if the amount payable on application is Rs.20,000/- or more, such payment should not be effected in cash and must be effected only by way of an Account Payee cheque or an Account Payee draft, in terms of Section 269 SS of the Income Tax Act, 1961. Otherwise the application will be rejected and application money refunded without any interest.

**PARTICULARS RELATING TO SAVING BANK / CURRENT ACCOUNT NUMBER:**

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the bank with whom such account is held in the respective spaces provided in the application form, to enable the Registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected.

The Applicant should note that on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Applicant's DP A/c, the Applicant's bank account details. The investors are advised to ensure that bank account details are updated in their respective DP A/cs. as these bank account details would be printed on the refund order(s), if any.

**ACCESS TO THE FUNDS:**

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE and listing and trading permission is received from BSE where listing is proposed in terms of this Prospectus.

**RIGHT TO REJECT**

The Company reserves the right to reject any Application without assigning any reason therefore the Company has a right to reject applications based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the applicant's address at the applicant's risk.

**Grounds for Technical Rejections**

Applicants are advised to note that Applications are liable to be rejected on the following technical grounds amongst other grounds.

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN or GIR Number not given if application is for Rs. 50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 170.
10. Category not ticked;
11. Multiple applications
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form;
15. Applications not duly signed by the sole/joint Applicants;
16. Applications by OCBs;



## ALLOTMENT / REFUNDS

Refunds, if any, will be made alongwith Allotment Letters / Share Certificates and / or regret letters by Refund Orders drawn on the Bank nominated for this purpose by the Company and will be dispatched within 10 weeks from the date of closure of Issue, by Registered Post if the amount of such refund exceeds Rs.1500/-. Such refund orders will be payable at par during their validity period at all centres where the applications are received or such places as may be approved by BSE. In case of joint applications, Refund Orders, if any, will be made out in the First applicant's name and all communication will be addressed to the person whose name appears on the Application form.

The Company has undertaken that:

- a) The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily,
- b) The Company shall take necessary steps for the purpose of getting the shares listed on the concerned stock exchange within the specified time.
- c) The Company shall apply in advance for the listing of equity shares
- d) The funds required for despatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the issue.
- e) The certificates of shares to the allottees and non resident Indians if any shall be despatched within specified time
- f) No further issue of shares/securities shall be made till the shares offered through this Prospectus are listed or till the application monies are refunded on account of non listing/under subscription etc.
- g) The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of Prospectus to SEBI till the securities referred in the Prospectus have been listed.

## UTILISATION OF ISSUE PROCEEDS

The Board of Directors of SGFL states that:

- i. All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- ii. Details of all monies utilised out of Public Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilised; and
- iii. Details of all unutilised monies out of the present Public Issue, if any, referred to in sub-item(i), shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the company further certify that:

- i. the utilization of monies received under 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 from 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 shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from all the Stock Exchanges where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading "Objects of the Issue", the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

**SECTION V: COMPANY INFORMATION****HISTORY OF THE COMPANY**

Shree Ganesh Fibres Pvt. Ltd was incorporated under the Companies Act, 1956 on 18/09/1972 with the main object of carrying on the business of dealing/manufacturing synthetic and other fibres. The name of the Company was changed to Shree Ganesh Forgings Pvt. Ltd. on 01/01/1982 consequent to the alteration in the main object clause of the company to include activities related to forging industry. The company became a public limited company w.e.f. 01/07/1994. The name of the company was further changed to Jai Shree Ganesh Forgings Ltd. on 13/03/2001 and later changed to Shree Ganesh Forgings Ltd. on 03/09/2002.

The company had registered itself as a SSI unit in the year 1983 and started manufacturing automobile parts and other forged items. The company was originally promoted by Mr. Balkrishan Sekhri who has been joined by his son Mr. Deepak.B. Sekhri and daughter-in-law Mrs. Anita.D.Sekhri. The promoters have vast experience in the forgings business and have helped the company in achieving various new milestones.

Due to erratic business and irregular payments brought on by the recessionary phase, in the automobile industry, the company started exploring opportunities of exporting its products since the year 1990 by manufacturing specialized products. The company has over the years developed special grades of stainless steel, duplex steel, special chrome moly, special alloy steels, carbon steels etc. Due to its dedicated efforts at providing quality products the company enjoys a good reputation and this has translated into increased turnover from exports. The company has received certificate of export excellence from the Engineering Export Promotion Council (EEPC) in recognition of achieving highest export performance during the year 1990-91, 1992-93, 1993-94, 1994-95 and 1998-99 among SSI exporters in the panel – Forgings All Types and for the year 2000-01 for Non-SSI units in Steel Forgings. Recently the company received certificate of export excellence (2001-02) & Highest Export Trophy (2002-03) in the category of Steel Forgings – all Types & Highest Growth in Exports – Non SSI for 2001-02 & 2002-03.

**MILESTONES ACHIEVED**

The Company has achieved the following milestones:

1990	Started export business
1991	Received certificate for Export Excellence from EEPC.
1993	Received certificate for Export Excellence from EEPC.
1995	Increased the installed capacity from 2700 MT to 11000 MT. Received certificate for Export Excellence from EEPC.
1998	Obtained Lloyd's approval and Canadian Registration Number
1999	Received ISO-9002 certification for manufacture and sale of closed die forgings, flanges and fittings in various stainless steel grades, alloy steels and carbon steels. Besides the Company also fulfilled the requirement of AD 2000 – Merkblatt W 9 and got right to issue test certificates 3.1 B according to EN 10204. Received certificate for Export Excellence from EEPC.
2001	Received certificate of Export Excellence from EEPC for Non-SSI units in Steel Forgings.
2002	Received Pressure Equipment Directive (PED) certificate. Received certificate for Export Excellence from EEPC.
2003	The product of the Company has been well accepted in Syncrude Canada Limited, Oman oil Supplies & Services Company LLC, Kuwait Maritime & Mercantile Company (KSC), Stemcor GmbH, Takreer. Received Highest Export Trophy & certificate for Highest growth in Exports-Non SSI units.
2004	Presently the Company is exporting its product to Germany, Netherland, Belgium, France, Denmark, Italy, Spain, Greece, U.K., Ireland, Canada, U.S.A., Mexico, South Africa, Taiwan and Australia.

**MAIN OBJECT OF THE COMPANY**

The main objects of the company are as follows:

(As set out in the Memorandum and Articles of Association of the Company)

1. To carry on the business as dealers, importers and manufacturers of synthetics and other fibres, tows, tops, yarn and other fabric of all types and to manufacture tape from synthetics and other fibres and rows and other allied materials and to carry on as processors of any artificial/ man made fibres filament yarn into crimped /stretched yarn.
2. To carry on the business as spinners, doublers, twistors, weavers, combers, scourers, finishers bleachers, dyers, printers, mercers, processors, manufacturers, traders, dealers, importers and exporters of yarn and of textiles and fabrics of cotton, wool, silk, artificial silk, rayon, nylon, terylene and other natural, synthetic and/or fibrous substances and/or manufacture of materials from the waste realized from the above – mentioned products either on its own account or on commission and to manufacture, produce, process or prepare and deal in yarns, threads and cloth of all kind including non-woven cloth, knitted cloth and all other textile goods like furnishing fabrics, suiting, shirting, ready – made garments, felts, hair, belting, tapes, webbing and twins etc. whether made of cotton, silk, wool, flax, hemp, jute, rayon, synthetics or other artificial textile materials and yarns of all types and render them marketable and export import all or any of the said commodities.
- 2A. To manufacture, fabricate, buy, sell, deal in forgings, castings and stampings, of all metals, machinery parts, moulds, press tools, jigs, fixtures, injections and compression moulding, garage tools, agricultural implements, small forgings, die making and die casting,



automobile parts, brass parts, spare parts of all kinds of machinery and all other allied lines and to undertake sheet metal press jobs and all other engineering job work.

- 2B. To carry on the business or businesses of manufacturers, importers and exporters of and dealers in forging, press, structural and rolling works in all kinds and in particular, gates and railings, collapsible gates and grills, stairs, columns, trusses, metal doors and windows and other building materials; bolts and nuts, saw of all types, hand tools, straps, latches, rivets, washers, wire, nails, screws, hingers, hooks, bolts, foundation bolts, tower bolts, dog-pikes, signaling materials and railway carriage and wagon fittings, and die and press work of all kinds; rods, bars, wires and wire ropes, sheets and all kinds of ferrous and non-ferrous rolling works; mill, factory, tea garden and colliery requisites of all kinds.
- 2C. To carry on the business or businesses of manufacturers, importers and exporters of and dealers in sheet metal (ferrous and non-ferrous) and sheet metal articles of all kinds and in particular, galvanized buckets, tire buckets, bath tubes, mugs drums, tanks, tin containers and other articles for carrying or storing water, oil and other materials, solid or liquid, suit cases, trunks, boxes, tables, chairs, shelves, almirahs, safes and other kinds of steel and metal furniture chimneys, pipes, ridgings, ventilators, roofings, dustbins, hand carts, municipal carts, and all such other articles.
- 2D. 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, pans, rice, bowls, cooking pots, and hollow-wares of all kinds; cooking stoves of all description and their accessories; cast iron pipes and fittings, railings, stair cases, ventilators and all building materials; man-hole covers, surface boxes, cisterns, weights and castings of all description big and small; chilled and malleable castings, special alloy castings, steel castings, gunmetal, copper, brass and aluminium castings, and foundry woks of all kinds.
- 2E. To start and carry on the business of manufacturers, and dealers, exporters and importers of all types of steel for consumption purposes, structural steel, carbon steel, tool and alloysteel and special steel, steel castings, forgings, box strips and hoops, stainless steel, all types of pipes and tubes, tinmill products, wheel sets, wagons and other Railway equipments, steel hardware, steel fabrication of all types, re-rollers, makers of malleable iron, steel castings, structural and mechanical engineers and makers of various types of steel equipments for industrial and construction purposes and to do the business of dealing in steel scraps of all types.

#### LICENSES AND OTHER APPROVALS

The important licenses and approvals procured by the Company are as follows: -

- 1) Factory license No. 63985 dated 22/01/2003 issued by the Government of Maharashtra, which is valid upto 31/12/2005.
- 2) Certificate dated 21/05/1983 issued by Directorate of Industries, Government of Maharashtra, to the Company, in respect of registration of the Company as small scale industrial unit.
- 3) Letter no. 4843/SIA/IMO/92 dated 29/12/1992, issued by Department of Industrial Development, Entrepreneur Assistance Unit, New Delhi, granting license to the Company to manufacture forged items.
- 4) Importer-Exporter license no. 0389029602 issued on 20/09/1989 by Government of India, Ministry of Commerce, Joint Director General of Foreign Trade to the Company.
- 5) The company has received an approval dated 10/02/2004 from Maharashtra State Electricity Board, Vashi Circle for enhancement of the power supply from 997 KVA to 2579 KVA load.
- 6) The Company has received sanction of additional power of connected Load of 1465 KW and Max. Demand of 700 KVA vide Maharashtra State Electricity Board, Vashi Circle letter No.SE/VC/TECH/W/1324 dated 03/03/2005
- 7) The company has been granted consent dated 26/11/2002 from Maharashtra Pollution Control Board to operate under Section 26 of the Water (Prevention & Control of Pollution) Act 1974, and under section 21 of the Air (Prevention & Control of Pollution) Act 1981 and Authorisation/Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2000 vide consent order no. BO/ROMM/THANE/271-02/CC-352. This consent is valid upto 31/05/2007.

The Company has received all the necessary permissions and approvals from the Government and various non-government agencies for conducting business. No further approvals from any Government Authority are required by the Company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. It must be understood that in granting the above approvals the Government of India and Reserve Bank of India does not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any of the statements made or opinions expressed in this regard.

#### INFRASTRUCTURE

##### **Location**

The registered office of the company is located at Fort, Mumbai. The said premise is owned by one of the group companies namely, S. Sarup and Co. SGFL pays a rent of Rs. 1.8 Lacs p.a. to M/s S Sarup & Co. for the said premises.

The manufacturing unit is located at Pawane in Navi Mumbai. The company has entered into an indenture dated 29/09/1972 with Mr. Lakhpatrai S. Agarwal for the said land admeasuring 16,392.60 square meters, who in turn has acquired the said premise on lease for 95 years from Maharashtra Industrial Development Corporation vide the indenture of lease dated 01/03/1969. The Company has created mortgage on the said property for obtaining working capital loan from Corporation Bank.

The following are the locational advantages available to the company:

- Being an industrial area, skilled and unskilled labour force is available at cheap rates.



- Availability of Power without much interruption.
- The area is well connected with road and rail. Mumbai airport, the nearest airport is within 30 kms from the factory.

The factory building admeasures 3959.92 square meters. SGFL has a total current installed capacity of 11,000 MT per annum and can execute orders for wide range of forgings weighing from 0.5kg (1.10 Lbs) to 1000 kgs (2200 Lbs).

**Plant & Machinery**

The Company has the following facilities:

- 1) Design and Estimation Department
- 2) Die and Tool making Facility
- 3) Cutting Facility
- 4) Heat Treatment Facility
- 5) Grinding shop/Finishing Facilities
- 6) Testing and Laboratory Facility
- 7) Machining and CNC Machining Facilities

**Some of the major plant and machinery installed in the premises are as follows:**

Sr. No.	Name of the Machinery	Quantity
1.	6.25 Ton Russian Pneumatic Hammer	01
2.	1.5 Ton Belt Drop Hammer	01
3.	1 Ton Belt Drop Hammer	01
4.	2 Ton Belt Drop Hammer	01
5.	1.5 Ton Beche Open Forging Hammer (German)	01
6.	20 Ton Counter Blow Hammer Beche (German)	01
7.	Power Press	04
8.	Compressors	13
9.	Furnaces	11
10.	Lathe Machines	49
11.	Hacksaw Machines	29
12.	Bandsaw Machines	05
13.	Air Receivers	04
14.	Broching Machine	01
15.	Charger Machine	01
16.	Cooling Tower	01
17.	Die Heater	01
18.	Drilling Machines	07
19.	Grinding Machines	12
20.	Electro Discharge Machine	01
21.	Forest Die Sinking Machine	01
22.	Hand Press	01
23.	Hardness Testing Machines	02
24.	Magnaflux Machine	01
25.	Milling Machines	02
26.	Morian Press	01
27.	Multispindle Gildmaisters	06
28.	Overhead Cranes	03
29.	Pedestal Grinders	03
30.	Planner Machine	01
31.	Punching Machines	04
32.	Shaper Machine	01
33.	Shearing Machines	02
34.	Shot Blasting Machines	02
35.	Vertical Lathe	01
36.	Tank Water	05





## PRODUCTION PROCESS

### Cutting Process:

The Raw material which is in shape of bars/rod/ingots are being subject to the cutting process with diameter ranging from 25 mm to 280 mm and length ranging up to 18 inches. This cutting process is being done by Band Saw, Hacksaw and sharing machine. The length and diameter of the material to be cut depends on components of the forged products to be manufactured and in accordance with the drawing provided by the design departments.

### Forging Process:

Forging changes the size and shape, but not the volume, of a part. The change is made by force applied to the material so that it stretches beyond the yield point. The force must be strong enough to make the material deform. The yield point is reached when the material will reform into a new shape. The point at which the material would be destroyed is called the fracture point.

In forging, a block of metal is deformed under impact or pressure to form the desired shape. Most metals are hot forged; for example, steel is forged at temperatures between 2,100°F and 2,300°F (1,150°C to 1,260°C). These temperatures cause deformation, in which the grains of the metal elongate and assume a fibrous structure of increased strength along the direction of flow.

- (1) **Hammer Forging (Flat Die):** Preferred method for individual forgings. The shaping of a metal, or other material, by an instantaneous application of pressure to a relatively small area. A hammer or ram, delivering intermittent blows to the section to be forged, applies this pressure. The hammer is dropped from its maximum height, usually raised by steam or air pressure. Hammer forging can produce a wide variety of shapes and sizes and, if sufficiently reduced, can create a high degree of grain refinement at the same time. The disadvantage to this process is that finish machining is often required, as close dimensional tolerances cannot be obtained.
- (2) **Press Forging:** (Proposed) This process is similar to kneading, where a slow continuous pressure is applied to the area to be forged. The pressure will extend deep into the material and can be completed either cold or hot. A cold press forging is used on a thin, annealed material, and a hot press forging is done on large work such as armor plating, locomotives and heavy machinery. Press Forging is more economical than hammer forging (except when dealing with low production numbers), and closer tolerances can be obtained. A greater proportion of the work done is transmitted to the workpiece, differing from that of the hammer forging operation, where much of the work is absorbed by the machine and foundation. This method can also be used to produce larger forgings, as there is no limitation in the size of the machine.
- (3) **Die Forging:** Open and closed die operations can be used in forging. In open-die forging the dies are either flat or rounded. Large forgings can be formed by successive applications of force on different parts of the material. Hydraulic presses and forging machines are both employed in closed die forging. In closed-die forging the metal is trapped in recessed impressions, which are machined into the top and bottom dies. As the dies press together, the material is forced to fill the impressions. Flash, or excess metal, is squeezed out between the dies. Closed-die forging can produce parts with more complex shapes than open-die forging. Die forging is the best method, as far as tolerances that can be met, and also results in a finished part that is completely filled out and is produced with the least amount of flashing. The final shape and the improvement in metallurgical properties are dependent on the skill of the operator. Closer dimensional tolerances can be held with closed die forgings than with open die forgings and the operator requires less skill.

During forging, the structure of the metal changes in two diametrically opposite directions, and becomes fibrous. The grains of steel are drawn out in the direction in which the metal flows, and changes from a coarse-grained to a fine-grained structure. The formation of new grain structure is called recrystallisation. This occurs at fairly high temperatures for steel. Also, higher the forging temperature, greater will be the growth of these grains. Consequently, steel should be completed at temperatures, which foster recrystallisation and should be completed at temperatures at which grain growth no longer occurs. This will ensure fine-grained forgings, possessing good mechanical properties. Using the latest CAD/CAM software the Company's highly talented engineers and technicians design and develop innovative products, meeting stringent specifications in record time. The result-oriented economical solutions with speed and accuracy have been appreciated by some of the Company's toughest customers

### Heat Treatment Process:

Materials can be improved before or after manufacturing by different heat treatment processes. Forging is usually performed to hot metals, allowing for smoother flow and easier deformation. Steel is heated to varying temperatures, usually between 1700°F to 2000°F but can reach as high as 2400°F, depending on the carbon content and customer's requirement. Depending on the amount of work required to the piece, it may be necessary to reheat the piece one or more times. The temperature of the metal when completely forged is called the finishing temperature. After forging, the material must be cooled uniformly and protected from moisture or cold air

- (1) **Preheating:** Preheating of materials is done to help prevent cracking or distortion of the material. This is done by placing the metal in a series of furnaces of increasing temperatures instead of throwing it directly into the furnace used to heat the metal for forging, annealing, normalizing or hardening. Another way to achieve this is to start in a cold furnace and slowly bring it to temperature.
- (2) **Annealing:** Annealing should follow forging as soon as possible whenever machining is required. Annealing is the heating and then cooling of metal to make the metal less brittle, or more malleable and ductile. This will soften the steel that was previously hardened and reduce internal stresses. Annealing is done by heating the metal to a temperature beyond the critical temperature and holding it there for a period of time. The metal is then cooled with the furnace and not removed until the furnace is cold. It can also be cooled to a temperature within the furnace that is known to be below the lower critical temperature, at which the annealing is complete.



- (3) **Normalizing:** Normalizing is done to improve the crystalline structure of the steel, thus obtaining superior properties. Heating the forged part just beyond the critical temperature and then allowing it to air-cool completes normalizing. This allows the grain-size to be refined and, if not held at that temperature too long, will result in a newly formed crystalline structure. The internal stresses, if any, will be relieved, hardened steels will be softened, overheated steels will have a more favorable, normal fine-grained structure, and structural distortion will be removed.
- (4) **Hardening:** Hardening of steels can also be done after forging. The workpiece is heated slowly, to obtain the finest grain-sizes, to its hardening temperature - much higher than annealing temperatures. The metal is kept at this temperature only until uniform heat distribution and completion of the thermal transformation. Prolonged exposure at these elevated temperatures will result in increased grain growth and surface decarbonization, if no protection from oxidation is provided. Oxidation can be avoided by surrounding the metal with some material that will use up the oxygen that is present in the furnace. Once the metal has been uniformly heated to temperature, it is removed from the furnace and placed directly into a quenching tank. This rapidly cools the metal and the metal retains its new qualities.

### Machining

The forged parts requires machining in accordance with the requirement of the customers. CNC machines do machining before the components are delivered. After heat treatment, the rough forged products are machined by means of chipping Removal machines, lathes and CNC machines. After Machining goods are being dispatched.

### CAPACITY UTILISATION

Installed Capacity	2003-04	2004-05
	11000 M.T.	11000 M.T.
Actual Production		% of installed Capacity
1997-98	3138 M.T.	28.53
1998-99	3741 M.T.	34.00
1999-00	4167 M.T.	37.88
2000-01	3873 M.T.	35.21
2001-02	4025 M.T.	36.59
2002-03	3288 M.T.	29.89
2003-04	3139 M.T.	28.54

The installed capacity of 11000 MT of the company is applicable for mass production of the components. However, the company is producing more than 2500 varieties of specialized items on piecemeal production, which require twice the processing time required for mass production. Hence the normal capacity of the company shall be 5500 MT and the actual capacity utilization shall be calculated on the basis of normal capacity. Taking this into effect, the actual capacity of the company based on normal capacity will be in the range of 65% to 75%, which is the average for the industry.

### REASONS FOR UNDER UTILISATION

#### 1. Production of more items but lesser quantities.

SGFL is focusing on export of stainless steel flanges for Oil and Gas Industries, Refineries and Chemical Industries. These industries need varieties of items which is usually high but the order quantities are less as compared to other industries like automobile where the varieties of items are less but the order quantities are high. For example, for a shipment of one container of say 20 tons, the Company has to manufacture around 75 items and for each item the Company has to change the die thereby consuming more time in production.

#### 2. Focus on stainless steel products

For better contribution margin and to meet the increasing export demand to suit the requirement of the customers, by providing better package, the Company focuses more on Stainless Steel products causing lower output due to the following reasons:

- Cutting of Stainless Steel Product consumes more time.
- Due to various grades of stainless steel raw material used to meet the customer's requirement, the heating process needs to be adjusted constantly to meet the precise heating requirement.
- Stainless steel requires more energy and hence the heating process consumes more time.
- To suit the requirement of individual customers' specification, the production of different varieties of stainless steel consumes more time.

#### 3. Bottleneck due to shortage of 5/6 Tons Hammer

The Company have various types of hammer of different capacity i.e. 0.5 Ton, 1 Ton, 1.5 Tons, 2 Tons belt drop hammer, 6.25 Ton Russian Pneumatic Hammer, 20 Ton Counter Blow Beche Hammer along with balancing equipments. These equipments augment to manufacture



forge items of sizes ranging from 0.5" to 12" (0.5 kg to 70 kg weight) (outer diameter 19") to 0.5" to 24" size range (0.5 kg to 450 kg in weight) (outer diameter 32"). However, the company has a bottleneck in the hammer of 5 Ton capacity which is used to produce the most demanded item whose size ranges from 6" to 8". 6 Ton Hammer is presently used to produce these items. To counter the bottleneck, the company is proposing to buy 5 Ton Hammer, which will increase the production capacity in the future.

#### 4. Demand for Press

Press can produce more quantity of products than a hammer. Presently the Company does not have a Press and hence the overall production of the company is low.

#### 5. Nature of Industry

In forging industry the actual capacity utilization is only around 75 per cent.

#### STEPS TAKEN TO COUNTER UNDERUTILISATION OF CAPACITY

To mitigate the underutilization, the company is taking the following steps:

1. Purchase of 5 Ton hammer.
2. Installation of Press.
3. Procurement and execution of bulk orders.

#### PRODUCTS MANUFACTURED

SGFL manufactures following range of Products: -

##### I. Flanges

- |                     |   |   |
|---------------------|---|---|
| 1) Weld Neck Flange | : | Size 1/2" to 24" (150 & 300 Class)<br>Size 1/2" to 8" (600 Class)<br>Size 1/2" to 6" (900 & 1500 Class)<br>Size 1/2" to 4" (2500 Class) |
| 2) Slip On          | : | Size 1/2" to 24" (150 & 300 Class)<br>Size 1/2" to 8" (600 Class)<br>Size 1/2" to 6" (900 & 1500 Class)<br>Size 1/2" to 4" (2500 Class) |
| 3) Blind Flange     | : | Size 1/2" to 24" (150 & 300 Class)<br>Size 1/2" to 8" (600 Class)<br>Size 1/2" to 6" (900 & 1500 Class)<br>Size 1/2" to 4" (2500 Class) |
| 4) Lap Joint        | : | Size 1/2" to 24" (150 & 300 Class)<br>Size 1/2" to 8" (600 Class)<br>Size 1/2" to 6" (900 & 1500 Class)<br>Size 1/2" to 4" (2500 Class) |
| 5) Screwed Flange   | : | Size 1/2" to 6" (150/300/600/900 Class)<br>Size 1/2" to 21/2" (1500 & 2500 Class)   |
| 6) Socket Weld      | : | Size 1/2" to 4" (150/300 & 600 Class)   |

##### II. Fittings

1. Socket Weld Fittings :

a) Elbow 90° & 45°	}	1/4" - 4" 3000 Class
b) TEEs Equal & Unequal	}	1/4" - 2" 6000 Class
c) Cross Couplings Caps	}	1/2" - 2" 9000 Class



- 2. Threaded Fittings :
  - a) Elbow 90° & 45° } 1/4" - 4" 2000, 3000 & 6000 Class
  - b) TEEs }  
Equal & Unequal }
  - c) Cross Couplings & Caps } 1/4" - 4" 300 & 600 Class
- 3. Forged Valves, Bodies and Bonnets : Sizes 1/4" to 4"

Flanges of rating from 900 Lbs, 1500 Lbs and 2500 Lbs and also Fitting items mentioned above can only be manufactured and supplied upon receiving firm orders for larger quantities (minimum 100 Pcs each) as per Standards and Specifications.

**III. Automobile Forgings**

SGFL manufactures a wide range and different types of Hot Forged Components such as Gears, Shafts, Crankshafts, Crown wheels and Pinions, Propeller Shaft components like Sleeve Yokes, Flange Yokes, Universal Joint Crosses, Connecting Rods, Steering Knuckle arms etc. for different type of vehicles like four wheelers, two wheelers etc.

**IV. Industrial Application**

SGFL manufactures Closed Die Forged Components ranging from 0.5 Kgs to 70 Kgs for industries like

- a) Earth Moving, b) Mining, c) Agriculture, d) Tractor industry etc.

**V. Lifting Devices**

SGFL has the capability to manufacture and supply a vast range of Steel forged Finished Products (Material - Carbon, Alloy and Stainless Steel) studied to answer different requirements in the Lifting Industry. Finished products include eye, shank, single, double and swivel hooks.

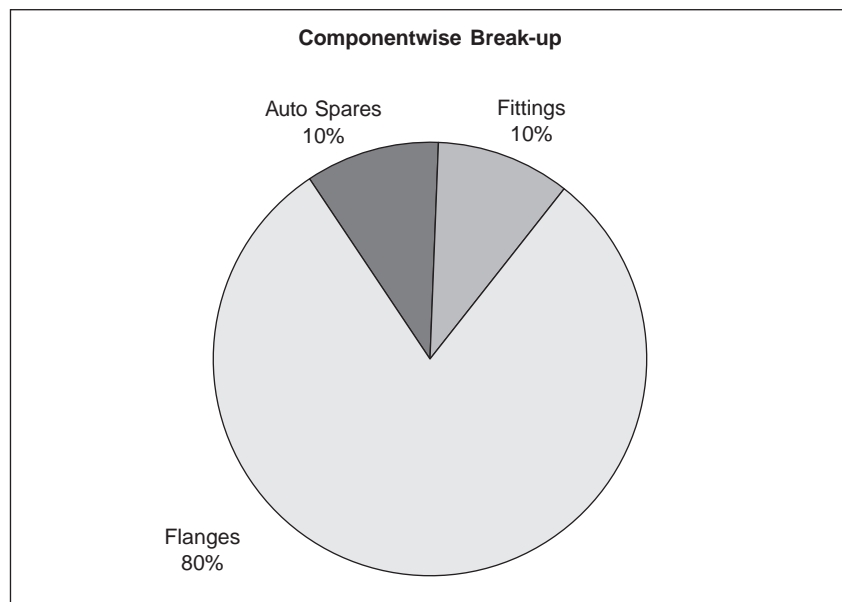
**VI. Defence Industries**

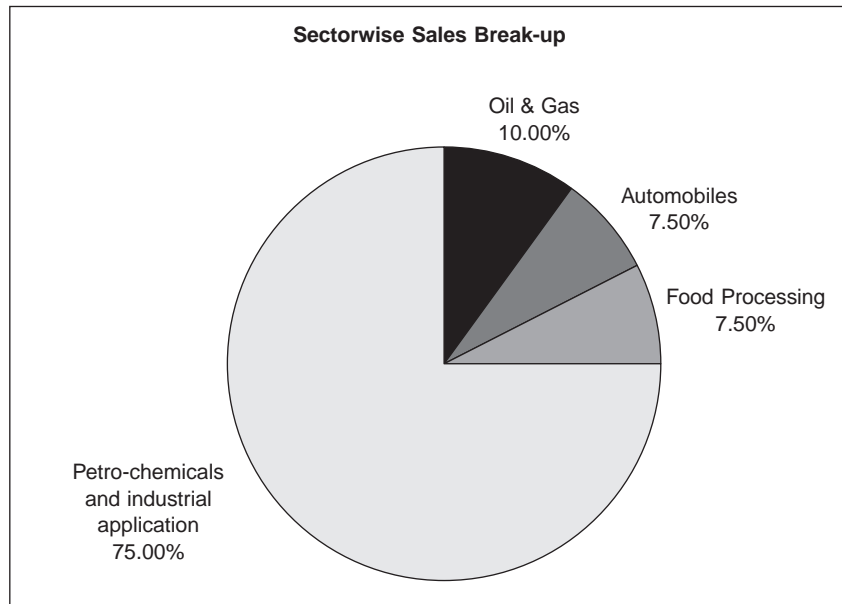
SGFL supplies various Closed die Forged components required for heavy vehicles and tanks used by the defence industry.

All the above products are manufactured in both forged stainless steel and forged carbon steel in all grades.

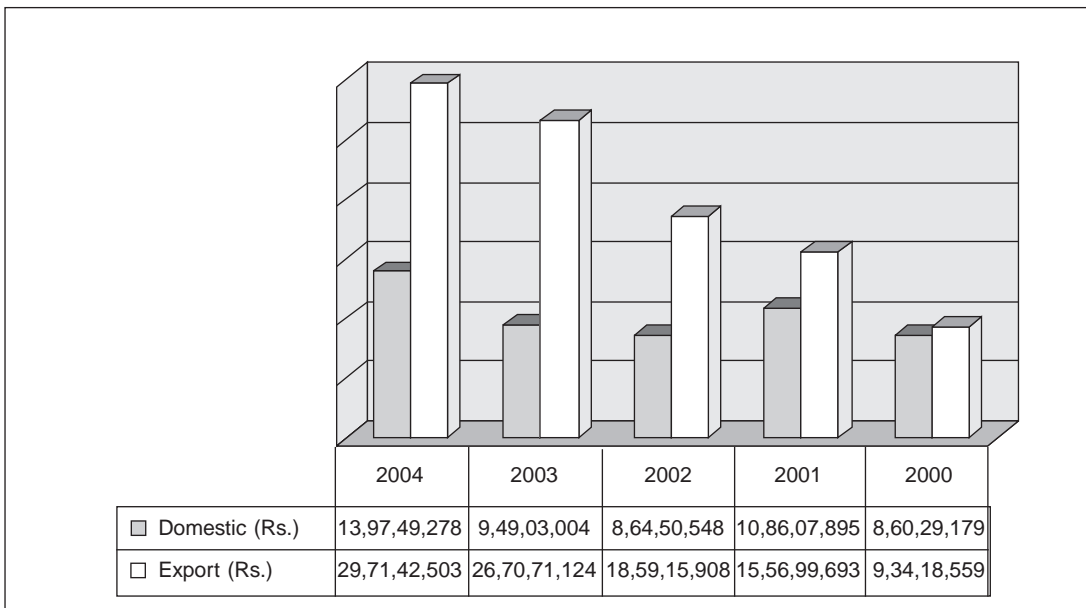
**PRESENT OPERATIONS**

SGFL can execute orders for a wide range of forgings weighing from 0.5 kg (1.10 lbs) to 1000 kg (2200 lbs). SGFL specializes in the manufacture of forgings for the oil, petrochemical, pharmaceutical, breweries, automobile industries and other Original Equipment Manufacturers (OEMs). The sector wise and component wise sales break-up is given below:





**EXPORTS V/S DOMESTIC SALES**



**CUSTOMERS**

Some of the customers of SGFL are listed below :

**DOMESTIC**

- ☞ Alfa Laval (I) Limited
- ☞ Kirloskar Ebra Pumps Ltd.
- ☞ Thermax Ltd.
- ☞ Tractor Engg Ltd.
- ☞ Virgo Engineers Ltd.
- ☞ Forbes Marshall Pvt. Ltd.
- ☞ Godrej & Boyce Manufacturing Company Ltd.
- ☞ Machine Tool Prototype Factory Ltd.
- ☞ Fairfield Atlas Ltd.
- ☞ Bharat Gears Ltd.

**FOREIGN APPROVALS**

- ☞ Syncrude Canada Limited
- ☞ ADWO-2000-04 202 W1300 200018
- ☞ PED-04 202 2 440 02 10004
- ☞ ISO 9001:2000 – 041009695
- ☞ CRN from all 13 provinces of Canada.
- ☞ Lloyds Register – BIS 190561/1
- ☞ PDO
- ☞ Kuwait Maritime & Mercantile Company (KSC)
- ☞ Oman Oil Suppliers & Services Company LLC
- ☞ Qatar Petroleum
- ☞ Takeer

The products of the Company also qualify in terms of quality in Europe and other parts of the world. SGFL has, therefore, been regularly exporting its products to USA, Canada, U.K., Ireland, Europe (Germany, Netherlands, Belgium, Denmark, Spain, France, Greece, Austria, etc ) and Middle East markets.

Break up of Sales for the years 2002-2003, 2003-2004 and nine months period ended 31/12/2004 is given below:-

(Rs. in lacs)

Sr. No.	Parties	2002-2003	% on Total Sales	2003-2004	% on Total Sales	31/12/2004	% on Total Sales
1	Alfa Laval (India) Ltd.	–	–	3.14	0.07	90.03	2.14
2	Kirloskar Ebara Pumps Ltd.	–	–	4.09	0.09	18.47	0.44
3	Tractor Engineers Ltd.	7.94	0.22	32.30	0.74	35.17	0.84
4	Virgo Engineers Ltd.	–	–	–	–	73.78	1.75
5	Forbes Marshall Ltd.	–	–	–	–	0.08	0.00
6	Godrej Boyce Mfg Co. Ltd.	2.76	0.08	7.93	0.18	9.85	0.23
7	Machine Tools Prototype Factory Limited	–	–	–	–	1.42	0.03
8	Fair Field Atlas	9.94	0.27	1.92	0.04	6.36	0.15
9	Bharat Gears Limited	16.13	0.45	0.97	0.02	–	–
10	Viraj Forgings Ltd.	24.55	0.68	24.09	0.55	75.16	1.78
11	Vipras Castings Ltd.	14.74	0.41	132.78	3.04	–	–
12	Snow White Indl. Corp	–	–	17.24	0.39	22.47	0.53
13	Edicon Mining Equip. Pvt. Ltd.	7.89	0.22	10.21	0.23	7.51	0.18
14	Others Domestic Parties	865.08	23.89	1162.81	26.62	1147.59	26.94
15	Exports	2670.71	73.78	2971.43	68.01	2771.41	65.06
	<b>Total Sales for the year</b>	<b>3619.74</b>	<b>100.00</b>	<b>4368.92</b>	<b>100.00</b>	<b>4259.31</b>	<b>100.00</b>

**ACHIEVEMENTS**

SGFL is committed to good quality and has earned for itself all around reputation and trust. The Company was awarded by Engineering Export Promotion Council " Certificate of Excellence for the years 1990-91, 1992-93, 1993-94, 1994-95 and 1998-99 Forgings All Types and for the year 2000-01 for Non-SSI units in Steel Forgings. Recently the company received certificate of export excellence (2001-02) & Highest Export Trophy (2002-03) in the category of Steel Forgings – all Types & Highest Growth in Exports – Non SSI for 2001-02 & 2002-03 The Company has already obtained Appendix H of CSA Standard B-51-95 (Quality systems requirements for Fitting Manufacturers).

Products manufactured by SGFL conform to the following International Standards :

1. A.N.S.I (American National Standard Institute) - This dimensional standard is regarded as an international applied system and is used throughout the world, particularly in Latin and North America.
2. EN - 1092-1 is a New European standard.
3. D.I.N (Deutsche Industries Norm ) - It is also one of the commonly used international dimensional standard used in Europe.



4. A.S.T.M. (American Society for Testing of Material) - It is also one of the commonly used international standard for material specification.
5. B.S ( British Standard )
6. M.S.S. (Manufacturer's Standardization Society ) - It is also one of the commonly used international standard for material specification.
7. Besides thorough in-process procedures at the factory by qualified engineers, the Company also offer fittings under independent third party inspections such as Lloyds, IBR and others.

The entire process systems and manufacturing facilities of SGFL has been surveyed and certified by the following bodies of international repute:

- The TUV CERT/RWTUV Certification Body for having established and applying a quality system for manufacture and sale of Closed Die Steel Forgings, Flanges and Fittings according to ISO 9001:2000 vide certification registration no. 041009695 dated 03/09/2002 valid upto September 2005.
- The TUV CERT/RWTUV Certification Body have certified for Quality-System according to Directive 97/23/ED vide certification no. 042022440021004 for PED dated 03/06/2002 valid upto 02/06/2005.
- The TUV CERT/RWTUV Certification Body for having provided verification of compliance with the conditions in accordance with AD-2000-MERKBLATT WO vide certification registration no. 04202 W1300200018 dated 22/05/2002.
- Lloyds Registrar Industrial Services (India) Pvt. Ltd for appendix "H" of CSA Standard B-51-95 (Quality Systems Requirements for Fitting Manufacturers) dated 12/05/2004 and valid upto 26/03/2006.
- Canadian Registration Number (CRN) #0B0465.9 for all the 13 provinces of Canada, i.e. British Colombia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, New Foundland & Labrador, Yukon Territory, Northwest Territory dated 17/07/1998.

Besides these, the entire process facilities have also been surveyed by other Inspection Agencies which are listed below:

- Bureau Veritas
- N.P.C.L.
- E.I.L.
- Indian Defence Sector.
- I.B.R.
- UHDE
- American Bureau of Shipping.

On account of the above, SGFL is an "Assured Supplier" to various reputed Master Distributors and OEMs from USA, Canada, U.K., Ireland, Europe ( Germany, Netherlands, Belgium, Denmark, Spain, France, Greece, Austria, etc ) and Middle East markets.

The Company has been enjoying following benefits by adhering to various international and national quality measures:




- The Company has taken huge strides in creating a very good reputation overseas.
- Due to the various approvals, the company's products are approved and well accepted in various countries. The various approval which the Company has sought are listed below:

FOREIGN APPROVALS	DOMESTIC APPROVALS
<ul style="list-style-type: none"> <li>☞ Syncrude Canada Limited</li> <li>☞ ADWO-2000-04 202 W1300 200018</li> <li>☞ PED-04 202 2 440 02 10004</li> <li>☞ ISO 9001:2000 – 041009695</li> <li>☞ CRN from all 13 provinces of Canada.</li> <li>☞ Lloyds Register – BIS 190561/1</li> <li>☞ PDO</li> <li>☞ Kuwait Maritime &amp; Mercantile Company (KSC)</li> <li>☞ Oman Oil Suppliers &amp; Services Company LLC</li> <li>☞ Qatar Petroleum</li> <li>☞ Takeer</li> </ul>	<ul style="list-style-type: none"> <li>▪ N.P.C.L</li> <li>▪ E.I.L.</li> <li>▪ I.B.R.</li> <li>▪ B.A.R.C</li> </ul>

- By confirming their standards, the company is in a position to reduce the rejection rate thereby increasing the production efficiency.



PROMOTERS

	<p><b>Mr. Balkrishan Sekhri</b> aged 79 years is a B.A.L.L.B. with an experience of more than 50 years as Income Tax Consultant. He is the father of the present Managing Director - Mr. Deepak B. Sekhri. He has wide knowledge in Taxation, and commercial laws. He had been advisor to various corporate groups. He is responsible for the financial and taxation aspects for the company.</p> <p><b>Residential Address</b> : 191-B, Jolly Maker Apartment, Cuffe Parade, Mumbai. <b>PAN</b> : AABPS5001J <b>Bank A/c no.</b> : SB A/c 2511, Vijaya Bank, Fort, Mumbai. <b>Voter ID</b> : - <b>Passport No.</b> : B2034713 <b>Driving License no.</b> : -</p>
	<p><b>Mr. Deepak B. Sekhri</b> aged 43 years is a B Com. from University of Mumbai with an experience of more than 23 years in the forging industry and have been working with SGFL since 1981. He is the son of Mr. Balkrishan Sekhri. He stepped into this Company at the age of 21 and groomed this company as one of the reputed companies in the Forging industry.</p> <p>He is a First Generation Entrepreneur with a high vision. His actions are quick and well received. He has established a reputation for quality products in the global market with his strong engineering capabilities and state of art manufacturing facilities.</p> <p>He has traveled all over the world and explored various business opportunities overseas, Mr. Deepak B. Sekhri has not only increased his customer base but also added value to his existing clientele. Due to his strenuous work, the company has achieved many awards for export excellence namely "The Certificate of Excellence for the years 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1998-99 and 2000-01". His ultimate target is to become an "Assured Supplier" in the national and international markets.</p> <p><b>Residential Address</b> : 191-B, Jolly Maker Apartment, Cuffe Parade, Mumbai. <b>PAN</b> : AAQPS2208C <b>Bank A/c no.</b> : SB A/c 527201007, Citi Bank, D.N. Road, Mumbai <b>Voter ID</b> : - <b>Passport No.</b> : Z1585138 <b>Driving License no.</b> : 79/C/28545</p>
	<p><b>Mrs. Anita D Sekhri</b> aged 46 years is an Arts Graduate from University of Mumbai with an experience of about 11 years in the field of Material Management. She is the wife of Mr. Deepak B. Sekhri. She has wide exposure in material management and has excellent track record of reducing the cost of inventory. She has over a decade experience in cost reduction and inventory management. Her expertise in cost reduction and purchase has been a great asset for the company.</p> <p><b>Residential Address</b> : 191-B, Jolly Maker Apartment, Cuffe Parade, Mumbai. <b>PAN</b> : AAPPS4253G <b>Bank A/c no.</b> : SB A/c 527201003, Citi Bank, D.N. Road, Mumbai. <b>Voter ID</b> : - <b>Passport No.</b> : Z1591214 <b>Driving License no.</b> : -</p>

The above details of the promoters have been submitted to The Stock Exchange, Mumbai.



**OTHER VENTURES OF THE PROMOTERS**

Other ventures promoted by the promoters include.

**1) DEAN AKSHATT EXIM PRIVATE LIMITED**

Date of Incorporation	:	January 08, 1987
Registered Office	:	5/5-A, 4 <sup>th</sup> Floor, Kamanwala Chambers, Sir P.M. Road, Fort, Mumbai – 400 001
Board of Directors	:	Mr. Deepak B. Sekhri, Mrs. Anita D. Sekhri
Nature of Business	:	Dean Akshatt Exim Private Limited is engaged in the machining forged products in addition to providing ware housing and accounting /administrative Services.

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004	9 months period ended 31/12/2004
Operating and other Income	146.66	107.26	99.54	94.78
Profit/(Loss) before tax (PBT)	79.24	37.69	25.12	23.92
Profit/(Loss) after tax (PAT)	75.37	35.69	19.92	15.55
Equity Share Capital	15.00	15.00	15.00	15.00
Reserves and Surplus	6.60	2.50	19.21	34.76
Earning per share (EPS) ( Rs.)	502.47	237.93	132.80	103.67
Book Value (Face value of Rs. 100/- per share)( Rs.)	144.00	116.67	228.06	331.73

**Litigations/Disputes****i) Against Dean Akshatt Exim Private Ltd.**

Bihar Alloy Company has filed a civil suit in the High Court of Mumbai against Akshatt Forge, a division of Dean Akshatt Exim Private Ltd for an amount of Rs. 29.57 lacs.

**ii) Suit filed by Dean Akshatt Exim Private Ltd.**

Dean Akshatt Exim Private Ltd filed a suit for an amount of Rs. 20.41 lacs against MSEB and a decree has been passed in the favour of the Company. However MSEB has filed an appeal.

**2) NAMHA EXIM PRIVATE LIMITED**

Date of Incorporation	:	February 15, 1996.
Registered Office	:	5/5-A, 4 <sup>th</sup> Floor, Kamanwala Chambers, Sir P.M. Road, Fort, Mumbai – 400 001
Board of Directors	:	Mr. Deepak B. Sekhri, Mrs. Anita D. Sekhri
Nature of Business	:	Dealing in stainless/alloy steel and forged products.

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004	9 months period ended 31/12/2004
Operating and other Income	635.79	678.37	899.65	634.25
Profit/(Loss) before tax (PBT)	42.72	38.49	69.10	27.24
Profit/(Loss) after tax (PAT)	35.38	28.95	50.03	17.71
Equity Share Capital	5.00	5.00	5.00	25.00
Reserves and Surplus	24.28	46.08	68.18	65.89
Earning per share (EPS) ( Rs.)	70.76	57.90	136.36	7.08
Book Value (Face value of Rs. 10/- per share)( Rs.)	58.56	102.16	146.36	36.36

There are no litigation/disputes against Namha Exim Private Ltd.



**3) M/S CHANDRAMOULI SILK MILLS**

Date of Incorporation : April 06, 1999  
 Registered Office : 5/5-A, 4<sup>th</sup> Floor, Kamanwala Chambers, Sir P.M. Road, Fort, Mumbai – 400 001  
 Partners : Mr.Deepak B.Sekhri,  
 Mrs. Anita D. Sekhri  
 Nature of Business : Providing machining jobs for forging products and warehousing etc.

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004	9 months period ended 31/12/2004
Operating and other Income	41.32	44.44	37.39	18.38
Profit/(Loss) before tax (PBT)	14.34	15.07	14.59	9.78
Profit/(Loss) after tax (PAT)	14.34	15.07	14.59	9.78
Partners Equity Capital	48.65	62.03	60.35	60.35

There are no litigation/disputes against M/s Chandramouli Silk Mills.

**4) NAMHA PROFILES INC.**

Date of Incorporation : January 16, 1989  
 Registered Office : 5/5-A, 4<sup>th</sup> Floor, Kamanwala Chambers, Sir P.M. Road, Fort, Mumbai – 400 001  
 Partners : Mr.Deepak B. Sekhri,  
 Mrs. Anita D.Sekhri  
 Nature of Business : Provides Transportation and financing facilities.

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004	9 months period ended 31/12/2004
Operating and other Income	6.67	3.50	6.03	4.52
Profit/(Loss) before tax (PBT)	1.36	1.12	2.79	2.02
Profit/(Loss) after tax (PAT)	1.36	1.12	2.79	2.02
Partners Equity Capital	29.82	38.59	40.22	40.22

There are no litigation/disputes against Namha Profiles Inc.

**5) M/S S. SARUP & COMPANY**

Date of Incorporation : January 01, 1985  
 Registered Office : 5/5-A, 4<sup>th</sup> Floor, Kamanwala Chambers, Sir P.M. Road, Fort, Mumbai – 400 001  
 Partners : Mr. Balkrishan Sekhri,  
 Ms. Mamta Sekhri  
 Ms. Poonam Soni  
 Nature of Business : Provides rental service facilities.

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004	9 months period ended 31/12/2004
Operating and other Income	4.10	5.88	4.19	1.61
Profit/(Loss) before tax (PBT)	2.38	3.96	2.42	1.18
Profit/(Loss) after tax (PAT)	2.38	3.96	2.42	1.18
Partners Equity Capital	24.43	27.08	24.85	26.03

There are no litigation/disputes against M/s Sarup & Company.

**INTEREST OF PROMOTERS/DIRECTORS**

All the Directors may be deemed to be interested to the extent of 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 and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners.

**CONFLICT OF INTEREST**

Namha Exim Private Ltd is a trading company and does not have any manufacturing activity. Certain portion of raw material/finished product is being supplied/purchased by Namha Exim Pvt Ltd to/from SGFL.

Dean Akshatt Exim Private Limited is engaged in the activities of machining forged products in addition to providing ware housing and accounting/ administrative Services.

Conflict of interest may not arise since both the above companies are not in manufacturing of forged products though it aids the production of the issuer company.

**BOARD OF DIRECTORS**

Sr. No.	Name, Age , Qualification, Address and Designation	Other Directorships	No. of equity shares of Rs. 10/- each of SGFL
1.	<b>Mr. Deepak. B. Sekhri</b> 43 years, B. Com. 191-B, Jolly Maker Apt., Cuffe Parade, Mumbai <b>Chairman Cum Managing Director</b>	Dean Akshatt Exim Pvt. Ltd. Namha Exim Pvt. Ltd.	35,93,494
2.	<b>Mr. Balkrishan Sekhri</b> 79 years, B.A.L.L.B. 191-B, Jolly Maker Apt., Cuffe Parade, Mumbai <b>Director</b>	NIL	86,875
3.	<b>Mrs. Anita. D. Sekhri</b> 46 years, B.A. 191-B, Jolly Maker Apt., Cuffe Parade, Mumbai <b>Executive Director</b>	Dean Akshatt Exim Pvt. Ltd. Namha Exim Pvt. Ltd.	9,02,000
4.	<b>Mr. Albert D'Souza</b> 79 years, M.A. 101, Cabana, Plot No.84-A, Rebello Cross Road, Bandra, Mumbai 400 050 <b>Director</b>	Nil	Nil
5.	<b>Mr. Gian Prakash Singh</b> 71 years B.A. C-5-19-213, Sector 1 A, CBD Belapur, Navi Mumbai 400 061 <b>Director</b>	Nil	Nil
6.	<b>Mr. Anand Vardhan</b> 52 years B.Com Financial Review India, D-34, Gulmohar Park, New Delhi – 110049 <b>Director</b>	Nil	Nil
7.	<b>Mr. Krishan Kumar Khurana</b> 48 years, M.A. , LLB, A-33, Nizamuddin East, New Delhi – 110013 <b>Director</b>	Nil	Nil
8.	<b>Mr. Pal Uppal</b> 40 years, B.Com, 65, Vithalnagar, N.S. Road No.12, Juhu Scheme, Mumbai – 400049. <b>Director</b>	M/s S.U. Submersible Pumps Pvt. Ltd. M/s S.U. Motors Pvt. Ltd. M/s S.U. Research & Investment Pvt. Ltd.	Nil

**MANAGERIAL COMPETENCE & KEY MANAGERIAL PERSONNEL**

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/distribution/marketing and corporate laws. The Management is assisted by the following key personnel:

Sr. No	Name, Address, Designation	Age (years)	Qualification	Experience in the Company	Total No. of years of Experience and the nature of experience
1	<b>Mr. Pronab Kumar Chakravarty</b> AL-5-13-7, Sector M05 Airoli, Navi Mumbai <b>Financial Controller</b>	56	B.Com, L.L.B.	9 years	33 years Accountancy & Law
2	<b>Mr. Tanaji Vishnu Bhosale</b> Darshan Tower, Room No.403, Khopat, Thane (West). <b>Manager (Quality Control &amp; Heat Treatment)</b>	37	B.E. (Metallurgy)	7 years	13 years Metallurgy
3	<b>Mr. Ganesh Madhavrao Joshi</b> Naresh Smruti, 3 <sup>rd</sup> Floor, Old Ayre Road, Dombivali (East) <b>Asst. Manager (Design)</b>	52	I.T.I., HS.C.	6 years	32 years Draughtsman
4	<b>Mr. Shamkant V Dalvi</b> A/9, Sangeeta Varsha Society, LBS Marg, Thane – 400602 <b>Incharge-Forge Shop</b>	55	D.M.E.	1 year	30 years Technical (Forging and Mechanical Engineering)
5.	<b>Mr. Tabinder Singh</b> Plot No.65, Sea Wood Estate Arcade, Flat No. 101, Sector 19, Nerul, Navi Mumbai <b>General Manager-Production</b>	56	B.E.	1 year	30 years Forgings industry.
6.	<b>Mr. M. Manickam</b> 5/5A, Kamanwala Chambers, Sir, P.M. Road, Fort, Mumbai 400 001. <b>General Manager (Finance) cum Company Secretary</b>	45	B.A., B.G.L., F.I.C.W.A.I., FCS.	6 months	20 years Finance, accounts, costing and company secretarial affairs.
7.	<b>Mr. Vijay Sen</b> 502, Ashoka Gawand Baug, No. 2 Pokhran Road, Thane (West) 400 061. <b>Manager-Exports</b>	49	D.M.E.,	6 months	20 years Marketing
8.	<b>Mr. P. Chaudhary</b> E-167, AWHO, Rahgunath Vihar, Sector 14, Khargar, Navi Mumbai. <b>Senior Manager (P&amp;A)</b>	58	M.B.A., L.L.B.,	6 months	25 years experience in Indian Navy as class 1 officer. 8 years experience in HRD Department after retirement from Indian Navy.
9.	<b>Mrs. Nalini Kotian</b> Ashwini CHS, Tilak Nagar, Chembur, Mumbai – 400 089 <b>Asst. Manager (Export)</b>	40	B.Com	13 years	20 years Export Department.
10.	<b>Mr. P. Anatha Narayanan Nair</b> 104, Jyotrimay CHSL, Sector 8 A, CBD Belapur, Navi Mumbai 400 614 <b>Incharge (Despatch &amp; Excise)</b>	43	D.M.E.	10 years	23 years Despatch Department

The above persons are on the rolls of the company as permanent employees

**Details of compensation paid to Key Management personnel named in the prospectus during FY 2003-04**

Name	Gross Salary (Rs. in lacs)
Mr. Pronab Kumar Chakravarty	2.17
Mr. Tanaji Vishnu Bhosale	1.83
Mr. Ganesh Madhavrao Joshi	1.63
Mr. Shamkant Dalvi	0.93
Mrs. Nalini Kotian	1.30
Mr. P Ananatha Narayanan Nair	1.48
Mr. H R Bhatia	3.81
Mr. G P Singh	2.31
Mr. S A Juneja	0.99

**No Compensation has been paid pursuant to Bonus or Profit Sharing plan.**

**CHANGES IN KEY MANAGERIAL PERSONNEL**

Changes in the key managerial personnel during the past one year are as follows:-

Sr. No.	Name	Designation	Department	Date of Appointment	Date of Resignation
1	Mr. H. R. Bhatia	Vice President Finance	Finance	11/04/1995	05/11/2004
2	Mr. S. A. Juneja	General Manager (Operation)	Production	16/10/2003	30/11/2004
3	Mr. G. P.Singh	D.G.M (P & A)	HRD	29/12/1991	23/12/2004
4	Mr. Tabinder Singh	General Manager – Production	Production	03/05/2004	—
5	Mr. Manickam	General Manager (Finance) cum Company Secretary	Finance	30/08/2004	—
6	Mr. Vijay Sen	Manager - Exports	Marketing	13/05/2004	—
7	Mr. P.C. Chaudary	Senior Manager (P&A)	HRD	26/11/2004	—

**SUBSIDIARIES OF THE COMPANY**

There are no subsidiaries of SGFL.

**CORPORATE GOVERNANCE**

To strengthen the board, the company has inducted the following independent person in the board of the company

- 1. Mr. Albert D'Souza:** He is an economist and has served in the Reserve Bank of India for 23 years. He was an economic Advisor in Reserve Bank of India.
- 2. Mr. Gian Prakash Singh** is a retired Defence Officer, who has served more than 30 years in Indian Air Force. He has worked in Shree Ganesh Forgings Limited for 12 years as Deputy General Manager (P&A).
- 3. Mr. Anand Vardhan is** a journalist and has rich knowledge in the Corporate sectors.
- 4. Mr. Krishan Kumar Khurana:** He is practicing as Advocate mainly at the Supreme Court of India, High Court of Delhi, Debts Recovery Tribunal, Consumer Court and District Court. He is conducting cases at other High Courts and Tribunals. He has a rich experience of over 20 years. He has his own law firm in the name M/S Khurana & Co. which is catering to advocate/advisory needs of reputed companies like Tata Group, U.B.Group, HLL, Sahara India Group, Oriental Bank of Commerce among other
- 5. Mr. Pal Uppal:** He is an entrepreneur having more than two decades experience in the automobile and related business. He is a Chairman cum Managing Director of SU Submersible Pumps Private Limited and Joint Managing Director in SU Motors Private Limited.

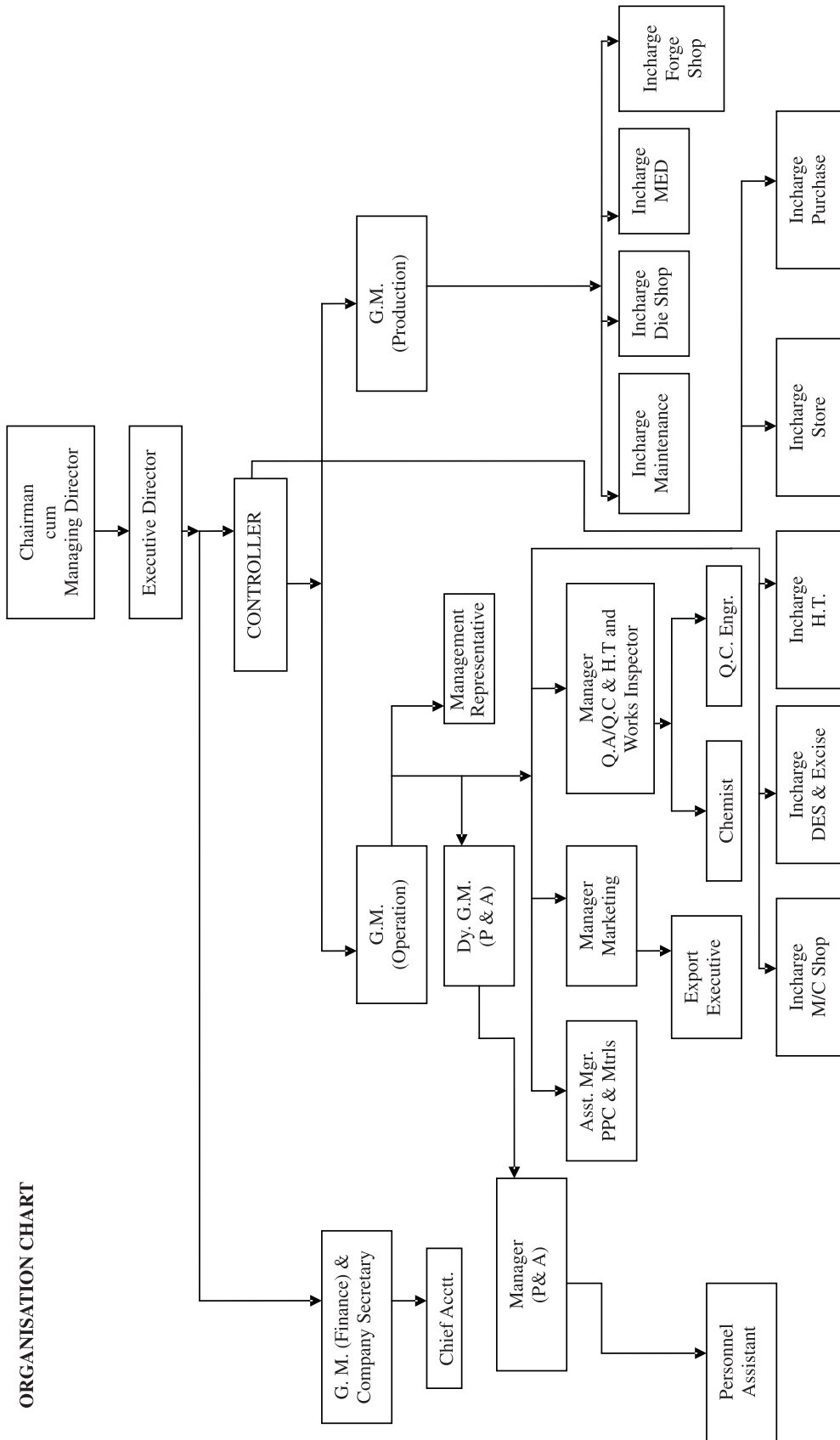


The Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing the Board, constituting various committees. The various committees formed for the purpose of Corporate Governance are listed below:-

<b>S.No</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>	<b>Name of the Committee in which the Director is a Member.</b>
1	Mr. Deepak.B.Sekhri	Chairman Cum Managing Director	Executive – Chairman Non-Independent	Audit Committee
2	Mrs. Anita D. Sekhri	Executive Director	Executive- Non-Independent	Nil.
3	Mr. Balkrishan Sekhri	Director	Non-Executive Non-Independent	Nil
4	Mr. Gian Prakash Singh.	Director	Non-Executive. Non-Independent	Audit Committee Remuneration Committee. Investors Grievance Committee
5	Mr. Albert D' Souza	Director	Non-Executive Independent	Audit Committee- Chairman Investors Grievance Committee- Chairman
6	Mr. Anand Vardhan	Director	Non-Executive Independent.	Remuneration Committee.
7	Mr. Pal Uppal	Director	Non-Executive Independent	Remuneration Committee -Chairman Investors Grievance Committee.
8	Mr. Krishan Kumar Khurana	Director	Non-Executive. Independent	Remuneration Committee.



**ORGANISATION CHART**



**SECTION VI : DETAILS OF PROJECT****OBJECT OF THE PUBLIC ISSUE**

The objects of the issue includes financing of:-

- Construction of additional factory building.
- Purchase of balancing equipments for machining
- Expansion of installed capacity from 11000 MT to 22880 MT by purchase of 5 Ton MPM Hammer and Press along with required accessories.
- Additional working capital by stocking 45 days additional raw material requirement to reduce the logistic time of delivery of finished product.
- To meet the issue expenses.

No licenses/approvals are required for the implementation of the project. The project is in line with current manufacturing and well within the ambit of the Memorandum and Articles of Association of the Company.

**COST OF PROJECT AND MEANS OF FINANCE**

The Break-up of cost of the project is as follows:

(Rs. in lacs)

Particulars	Phase I	Phase II	Total
Construction of Additional Factory Building	197.89	–	197.89
Purchase & Installation of CNC Machineries	683.70	–	683.70
Purchase & Installation of 5 Ton MPM hammers	563.00	–	563.00
Purchase & Installation of Press	276.36	923.64	1200.00
Additional working capital	467.30	–	467.30
Issue Expenses	90.00	–	90.00
Contingencies	21.75	26.36	48.11
<b>Total</b>	<b>2300.00</b>	<b>950.00</b>	<b>3250.00</b>

The company proposes to fund the abovementioned project in the following pattern:

(Rs. in lacs)

Particulars	Phase I	Phase II	Total
Issue of 50 lac equity shares at a price of Rs.30/- per share	1500.00	–	1500.00
Term Loan from Corporation Bank*	751.00	489.00	1240.00
Internal Accrual			
– Amount already spent	49.00	–	49.00
– Balance to be funded through Internal Accrual	–	461.00	461.00
<b>Total</b>	<b>2300.00</b>	<b>950.00</b>	<b>3250.00</b>

\*The Company has obtained a Term loan of Rs.12.40 Crores from Corporation Bank, Industrial Finance Branch, Mumbai vide their sanction letter No.CDS/CSI/DB/MC/184/2004-05 dated 26/03/2005 to part finance the total project cost of Rs.32.50 Crores on the following main terms and conditions:

- ✓ **Nature of extent of facility:** Term loan of Rs. 12.40 crores
- ✓ **Interest:** At 1.50% above COBAR + Term Premia of 0.50% ie 12.50% p.a as at present, subject to revision from time to time.
- ✓ **Repayment:** To be repaid in 22 Quarterly installments starting from 30/06/2006 and ending 30/09/2011 in the following manner.

1 <sup>st</sup> four quarterly installments	Rs. 0.37 crores each
Next 17 quarterly installments	Rs. 0.62 crores each
Last installments	Rs. 0.38 crores

- ✓ **Guarantors:** Joint and several personal guarantees of Mr. Deepak B. Sekhri and Mrs. Anita D. Sekhri



**SOURCES AND DEPLOYMENT OF FUNDS**

M/s R.K.Chaudhary and Associates, Chartered Accountants and Statutory Auditors of SGFL have certified vide their certificate dated 28/03/2005 stated that as on 20/03/2005, Rs.49.00 Lacs have been deployed out of the internal accrual of the company towards proposed project stated in the prospectus issued to the public as detailed below :

(Rs. in lacs)

Particulars	Amount
Work-in-progress – Factory Building	27.23
Work-in-progress – Plant and Machineries	11.50
Issue expenses	10.27
<b>Total</b>	<b>49.00</b>

**BREAK-UP OF THE COST OF THE PROJECT****1. Factory Building**

The manufacturing facilities of SGFL are located at Trans Thane Creek Industrial Area at Navi Mumbai. The Company proposes to install additional plant and machineries in order to augment the existing manufacturing facilities.

The proposed project will be set up in the existing place, where the factory is situated. The Company proposes to construct additional factory building to the extent of 32,000 sq. feet to accommodate 30 CNC machineries, hammer and press to be purchased. In addition to that, the Company proposes to have finished good store-rooms separately.

The building is expected to be completed by October 2005 and an expense of Rs. 197.89 is estimated to be incurred. The company has till date spent Rs. 27.23 lacs on factory building.

**2. CNC Machineries**

- a) The company proposes to purchase 15 numbers of 7.55/11 KW CNC Machineries and 15 numbers of 5.5/7 KW CNC Machineries. By purchasing these CNC Machineries, the Machining capacity of the company will increase from 750 tons to 6000 tons.
- b) Presently due to non-availability of sufficient machining capacities, the machining jobs have been entrusted for job-work outside the factory and the cost of machining for the financial year ended as at 31<sup>st</sup> March 2004 is Rs. 168 lacs and the current year it is expected to exceed Rs. 200 lacs. This cost will be saved by purchase of said CNC machineries. Details of the machinery to be installed are as follows: -

<b>Name of the machinery:</b>	Smarturn CNC Lathe 5.5/7.5 KW CNC Pilatus 7.5/11 KW
<b>Name &amp; Address of the Supplier(s):</b>	PMT Machines Ltd.(PMT) Post box No. 1102, Pimpri, P.F., Pune-411018. Laxmi Machine Works. (LMW) Marketed by Voltas Limited, Voltas House, B.Tbkadam Marg, Chinchpokli (W), Mumbai 400 033
<b>Date of Quotation:</b>	LMW – 27/07/2004 PMT- 27/06/2004

(Rs. in lacs)

Name of the machinery	Nos.	Basic	Installation and other costs	Total cost per machine	Total
CNC LMW	15	15.67	4.83	20.50	307.50
CNC PMT	15	16.50	8.58	25.08	376.20
<b>Total</b>					<b>683.70</b>

The above machineries will be installed during September 2005 and the estimated costs of the machineries are Rs.683.70 lacs.



**3. 5 Ton MPM Hammer**

By installation of 5 Ton Hammer, the installed capacity of the company will increase to 5400 tons per annum. Presently the company faces difficulty in producing 6 inches to 8 inches finished stainless steel flanges which can be done by 5 – 6 Ton Hammer. The company has only 6 tons hammer which cannot cope up with the increasing demand for their products particularly 6 inches – 8 inches finished products.

By purchasing the above machine, the production bottleneck will be removed. Details of hammers to be installed are as follows:-

**Name of the machinery:** 5 Ton MPM Hammer with all accessories

**Name & Address of the Supplier:** Muller Weingarten  
Schussenstr, 11  
D-88250, Weingarten, Germany

**Date of Quotation:** 22/11/2004

Particulars	Rs. in lacs
Basic price	399.84
Installation and other expenses	163.16
<b>TOTAL COST</b>	<b>563.00</b>

The hammers are expected to be installed during December 2005.

**4. Additional Working Capital**

Presently the company, after receiving the orders from its customers, places order to procure raw material from its suppliers. The raw material reaches the factory within 6 to 8 weeks. Work order is issued after the receipt of the material and the finished goods are shipped within 16 to 18 weeks and the customers get the finished products after 3-4 weeks depending upon the country. Altogether the present logistics period is around 19-22 weeks.

By purchase of additional raw material (45 days requirement mentioned in the project) the logistic period may be decreased by 6 weeks

This will enable to execute the pending export orders immediately and enhance future demand of the products since the company may be in a position to reduce its present logistics period by 4 to 6 weeks.

**5. Press**

The company proposes to purchase 4000 ton press model KB 8046 to manufacture flanges of 2.5 inches to 6 inches and 1600 ton press model KG 8042A to manufacture flanges up to 2.5 inches.

Presses normally produce more products than the hammer does. Due to increase in the production efficiency, the company will be in a position to meet demand for its product.

The raw material consumption in the press is below the raw material requirement needed for doing the same product under the Hammer. In short the input/output ratio is less and thereby reduces the cost of production of the finished product.

Press has better accuracy and can do more precise jobs within closed tolerance and the rejection rate will be brought to the minimum thereby increasing the profitability of the company.

By the installation of the press, the installed capacity of the company will be increased by 6480 tons per annum. Details of press to be purchased are as follows:-

**Name of the machinery:** Forging Press

**Name & Address of the Supplier:** Mordashov N.I.  
Russia

**Date of Quotation:** 10/08/2004



Particulars	Rs. in lacs
Basic price for KB 8046	658.00
Basic price of KB 8042A	263.20
<b>Other Accessories</b>	
Die Section	50.00
Cutting Machines	70.00
Transportation & Commissioning	75.00
Foundation cost	23.80
Custom duties & Other costs	60.00
<b>Total Cost</b>	<b>1200.00</b>

The company is expected to install the press by June 2006.

#### 6. Issue Expenses

The company proposes to get the equity shares listed on BSE. The management estimates an expense of Rs. 90 lacs towards issue expenses. The break-up of the issue expenses is given below:

(Rs. in lacs)

Particulars	Amount
Fees payable to Intermediaries	10.00
SEBI Fees	0.25
ROC Fee (Increased in Authorised Capital)	7.00
Brokerage	22.50
Advertising and Marketing expenses	20.00
Printing and Stationary	9.00
Despatch	15.00
Connectivity and other charges	6.25
<b>TOTAL</b>	<b>90.00</b>

The company has till date spent Rs. 10.27 lacs towards issue expenses.

#### SCHEDULE OF IMPLEMENTATION

Activity	Period of completion	
	Phase I	Phase II
Factory Building	October 2005	–
Additional Working Capital	June 2005	–
Advance/margin money for press	June 2005	–
CNC Machineries	September 2005	–
5 Ton Hammers	December 2005	–
Purchase of Press	–	June 2006

**WORKING CAPITAL**

The details of present working capital facilities availed by the company are as follows:  
(Rs. in Lacs)

Particulars	Amount
<b>Current Assets</b>	
Die Steel	197.23
Sundry Material	10.44
Raw Material	417.99
Finished and Semi finished goods	724.50
Scrap	10.68
Sundry Debtor	550.17
Loans and advances	368.93
<b>Total A</b>	<b>2279.94</b>
<b>Current Liabilities</b>	
Sundry Creditors	882.57
Other Liabilities	60.28
Deposits	3.75
Provisions for taxation	67.00
<b>Total B</b>	<b>1013.60</b>
Working Capital Gap(A-B)	1266.34
Working Capital financed through operations	116.00
Bank Finance*	1150.00

\*SGFL have received the aforementioned bank finance toward working capital from Corporation Bank vide their letter no. OR/IFB/CSI/1108/2004-05 dated 23/08/2004

**DETAILS OF UTILITIES**

- **RAW MATERIAL**

For production of 1 ton of finished product, the raw material required is around 1.7 tons. Depending on the nature of the finished product, the Company requires steel or carbon or alloy. No other major material is required except dies, furnace oil etc.

Presently the Company is procuring its raw material from the following vendors: -

- i. Ambica Steels Limited
- ii. Vipras Casting Limited.
- iii. Viraj Alloys Limited.
- iv. R.L. Steels Limited.
- v. Ferro Alloy Corporation Limited.
- vi. Rashtriya Ispat Nigam Limited
- vii. Indian Seamless Steel & Alloys Limited.

The supplies of raw material are abundant and there is no scarcity of raw material.

The optimum capacity in this industry is around 75% of the installed capacity. To attain this, the Company would require 24000 tons of the raw materials, which is readily available in the market.

- **POWER**

Presently the Company is utilising power to the extent of 2579 KVA and further requires additional 250 KVA for the optimum utilization of machining capacities. In the second stage for expansions for the year 2005-2006, the Company requires 450 KVA additional power for manufacture of forged items. This arrangement would ensure an uninterrupted supply of power. The Company obtained sanction of additional power of 700 KVA from Maharashtra State Electricity Board, Vashi Circle vide its letter No.SE/VC/TECH-W 1324 dated 3<sup>rd</sup> March 2005

- **HUMAN RESOURCES**

The strength of SGF is a motivated, dedicated and qualified experienced team of Engineers, Executives and Skilled work force.



The details of present manpower of the company is as follows:

Category	No. of local employees	No. of non-local employees	Total manpower
Managerial	06	04	10
Supervisory	13	02	15
Skilled	14	06	20
Semi skilled	42	14	56
Unskilled	37	06	43
Clerical	06	0	06
<b>Total</b>	<b>118</b>	<b>32</b>	<b>150</b>

In addition to the above, the Company has also employed 100 workers through sub-contractors. For installation of the CNC machineries the company may require 30 operators under the skilled category. The company proposes to recruit the additional personnel at the appropriate time.

#### **MARKETING STRATEGY**

The Company has an in-house dedicated, strong professional marketing team providing all services to the customers as and when needed. To enhance the value and improve direct contact, the Company has appointed reputed international marketing consultant as the representatives in Canada and Germany. The Company has a brand name namely 'SGF' but it has not legally registered in its name as yet.

#### **ALLIANCES & TIE-UPS**

The company has entered into the following tie-up with international reputed organisation to market their product:

1. For Technical Advise and Marketing of product, appointed "Gerab National Enterprises" as exclusive agent for United Arab Emirates, Qatar, Kuwait, Bahrain, Saudi Arabia, Oman and Iran.
2. Entered European Loyalty Agreement with Wolseley Distribution Europe and Wolseley Centres Ltd. to achieve growth in inter-company trading, for joint identification of new product opportunities, cooperation in emerging European markets and the development of a radical approach in the reduction of working capital in the supply chain.
3. Appointed M.P.Associates as exclusive agent for the company in all the 13 provinces of Canada.
4. Appointed Tranox GmbH as an exclusive sale agent in the following territory:-
  - Germany
  - Austria
  - Switzerland
  - Luxemburg
  - France
  - Spain
  - Italy
  - Greece
  - Portugal
  - Denmark
  - Sweden
  - Norway
  - Finland
  - Eastern European countries

However already existing established customers of the company are excluded from this agreement.

The Company has constantly made efforts to improve its share in the domestic market. Recently, industry giants such as Larsen and Toubro (L&T) have signed to purchase the company's products. Other important customers are Thermax Limited, Alfa Laval Limited, Kirloskar Ebra Pumps Limited, Klaus Union Engineering Pvt Limited etc. The Company's marketing team takes care of their requirements.

#### **NAMES OF PRINCIPAL COMPETITORS**

- ☞ Bharat Forge Limited
- ☞ India Forge and Drop Stampings Limited
- ☞ Amforge Industries Limited
- ☞ Kalyani Forge Limited
- ☞ Super Forgings & Steel Limited
- ☞ Viraj Forgings Limited
- ☞ Echjay Industries Limited
- ☞ MM Forgings Limited

#### **SGFL's Market share**

Most of the goods manufactured by the Company are being exported to various countries. The global demand of the products is very huge and is constantly increasing. Thus the global demand could not be quantified and hence the market share enjoyed by the Company cannot be assessed.



## SECTION VII: INDUSTRY PROFILE – FORGING INDUSTRY

(Source: Association of Indian Forging Industry and Capitaline Sector Trends)

### INTRODUCTION

Forging industry is one of the important engineering industries supplying various components to end user sectors like railways, automobiles, defence, aerospace, material handling, construction equipments, mines etc. Forging is a manufacturing process where metal is pressed, pounded or squeezed under great pressure into high strength parts. A forged product offers extra strength and toughness. It is capable of withstanding greater pressure, force, stress and often higher temperature than a product made of otherwise. The Indian Forging Industry has emerged as a major contributor to the manufacturing sector of the Indian Economy.

### OVERVIEW

The year 2003-04 was an extremely good one for the Forging industry, after a long spell of recession. Prior to the recession, which started about three years ago, capacity utilisation in the industry was around 65 to 70 per cent. However, recession in the automobile industry, especially in the commercial vehicle sector lowered capacity utilisation to 40 to 50 % in the last 2/3 years. This apparent underutilization of capacity is due to the fact that following the upsurge in the demand and production of the automotive sector during the first half of 1990s, most of forging units embarked on capacity expansion, and technology upgradation.

The slow recovery which started in October 2002 picked up momentum during the last year. The overall production of the forging industry increased by about 22% and touched the 5,50,000 tonnes approx. mark by the end of the year. The overall capacity utilization also improved considerably, thanks to the excellent recovery of the automotive sector especially the passenger segment, which did exceedingly well both in the domestic market as well as in the global market.

While the automobile industry is the mainstay for the steel forging industry, thanks to the steady progress achieved by the industry in upgrading technology and making advanced type of forging, required by Defence, Railways and Agencies involved in Space and Nuclear Programme, Oil refinery, Power Plants, Machine tool sector etc. who are the industry's regular customers. India imports hardly 5% of its requirements of forgings, which mainly consist of sophisticated forging. The Forging industry has seized the opportunity created due to the global buyers looking at India as a major outsourcing market especially for automotive components.

As regards exports also, the forging industry has shown a commendable performance by registering an export growth of almost 30% touching a figure of about Rs.750 crores. Progress in technological development has also enabled the industry to steadily improve its exports, bringing it to the level of Rs. 7500 million against just Rs. 800 million ten years ago. The major markets are USA, Europe, China etc. However, not more than 15 to 20 manufacturing units are engaged in direct exports.

As a result of liberalisation, more MNCs have entered the domestic automobile market. This has opened up more business opportunities for the steel forging industry. Passenger care segment is being considered as an important customer for Indian forging industry, which accounts for 65% of the industry's total business.

### INDUSTRY STRUCTURE

The forging industry in India has a pyramid-like structure, which means as the establishment size reduces, the numbers swell. The industry structure reveals four broad segments viz., large, medium, small, and tiny. Thus, while the large sector consists mere 9 units, the medium sector consists 31 units. The small sector has close to 250 units and several innumerable units all under the fourth segment.

The structure indicates that there is maximum competition and the lowest margins for the units in the small and tiny sector, which are typically involved in making small-sized products catering primarily to the replacement market.

Apart from these, merchant-forging units supplying forgings to some auto majors also have their own captive forging plants. The requirement for large or very specialized forgings can be met either through captive plants or even by steel plants.

It is, however, pertinent to point out that with the recent moves to reduce vertical integration by automakers and increase outsourcing of components, captive plants owned by automobile makers are being shut down providing better opportunity to the merchant-forging units.

Forging plants are primarily small or medium-sized companies. About 40% of them employ between 20 and 99 workers, and more than 75% have less than 250 employees.

### MARKET PLAYERS

Bharat Forge is the largest player in the organized segment with the market share of around 25%. The other leading players are Amtek Auto, Super Forging, Amforge, Ahmednagar Forgings, E L Forge, India Forge, M M Forgings etc.

**INDUSTRY AT A GLANCE**

<b>INDIAN FORGING INDUSTRY - 2003-2004 (STATISTICS)</b>	
NUMBER OF UNITS	330
INVESTMENT	Rs. 2.5 Billion
EMPLOYMENT	38,000
CAPACITY	8,00,000 M. Tonnes/year* 1,00,000 M Tonnes Heat Treatment 4,00,000 Machined Crank Shafts . 4,50,000 Front Axles. 40,000 Finished Axles. 6,00,000 Finished Gears.
PRODUCTION (in '000 tonnes)	1996 - 1997 - 476 1997 - 1998 - 465 1998 - 1999 - 441 1999 - 2000 - 497 2000 - 2001 - 435 2001 - 2002 - 382 2002 - 2003 - 440 2003 - 2004 - 550 **
EXPORT (Rs.millions)	1996 - 1997 - 1930 1997 - 1998 - 2350 1998 - 1999 - 2730 1999 - 2000 - 3560 2000 - 2001 - 4000 2001 - 2002 - 5000 2002 - 2003 - 6400 2003 - 2004 - 7500*
EQUIPMENT'S INSTALLED	Close Die Hammers (upto 16 T), Presses (upto 16,000 T), Upsetters (upto 20 cms) Open Die Presses (upto 3000 T)
PRODUCTION RANGE	Close Die Forgings (upto 600 kg.) Open Die Forgings (upto 13,000 kg. ) Upset Forgings (Upto 260 mm dia.) Ring rolling (upto 3 mtr. ) Disc & Tube Sheets (upto 3 T SP)
CAPABILITY	Closed Forging, Open Forging, Upset Forging, Cold Forging, Roll Forging, Warm Forging, Ring Rolling, Machining, Shell Forging, Axial Close Die Forging
MATERIALS HANDLED	Alloy Steel, Carbon Steel, Stainless Steel, Special Steel, Aluminium, Non-ferrous, Titanium, Super Alloy

Source: website of All India Forging Association

\* Excluding captive and tiny units

\*\* Closely estimated

**DEMAND DRIVERS**

Demand for forging products essentially originates from the automobile sector. The automotive sector accounts for about 65% of the total consumption of forgings and the balance 35% by other industries like general engineering, capital equipment, process plants, etc. With advances in technology, companies have now become competent to supply to other sectors such as organizations involved in nuclear activities, power plants, refineries, etc. These sectors have very exacting requirements.

Recently, the industry has made exports a focus area. While a part of this effort is necessitated by the desire to broad base markets, the dominant reason for companies entering the export market is to utilize capacities better and thereby improve profitability.

One of the reasons helping Indian exports is the strict environmental laws in the western nations. High noise and pollution levels have resulted in this shift of preference to Indian forgings. The outsourcing concept in this industry is the latest buzzword. Indian is fast emerging as a preferred destination for most of the global auto companies as it provides low cost advantage mainly on account of low cost manpower.



### **COST FACTOR**

The raw materials like steel, furnace oil prices are very much linked to the forgings sector. Frequent increase in fuel and energy prices, increasing prices of forging quality steel are the problems being faced by the domestic forging manufacturers.

Increasing steel prices constitute a serious risk for any forging company. The dramatic increase in steel price had made players wary in 2003-04. Prices went up by a staggering 35% in the course of year, which led to a significant impact on the manufacturing cost structure. Forging industry faced sharp surge in steel prices on the one hand and constraints in availability thereof as well.

Another major raw material to manufacture cast iron products is coke and pig iron. Recently there was a significant 200% rise in prices of coke and pig iron that has affected small scale steel and forging industry players. During March 2004 the Chinese coke or metallurgical coke was priced somewhere between Rs 24-25 per kg when compared to Rs 7 per kg priced in December 2003. China restricted coke exports to feed its domestic requirements, which in-turn has resulted in shortage of met coke in India.

### **MAJOR CONSTRIANTS / KEY ISSUES**

The major constraints (on the domestic and export front) faced by the forging industry during the year under review were mainly—

#### **Domestic:**

- ☞ High import duty on forging quality steel and constantly increasing prices of forging quality steel and reluctance of buyers to compensate.
- ☞ Anomaly due to Excise duty rates on steel (Chapter 72 of Excise Tariff) not being extended to steel forgings (Tariff item No. 73.26). This anomaly continues even after the announcement of the Union Budget 2004-05.
- ☞ Withdrawal of CENVAT credit on LDO coupled with very high cost of fuel and energy.
- ☞ Slow recovery of tractor industry.
- ☞ Inefficient economies of scale.
- ☞ Strict adherence to the stringent environment pollution norms.
- ☞ Backward/forward linkages- Consolidation of capacities was difficult.

#### **Exports:**

- ☞ Reduction in DEPB rates.
- ☞ Impact of the recent rise in the Dollar-Rupee rate.
- ☞ Reluctance of the overseas buyers to compensate for the steel price increases in India which were around 1 to 1.5 times more than international prices.
- ☞ Inadequate investment in technology upgradation.
- ☞ Inadequate R&D and training for coping with the demands of the export market.
- ☞ Inadequate testing and validation facilities for the smaller forging companies.
- ☞ Inadequate overseas marketing support facilities.
- ☞ Cost competitiveness adversely affected due to constant cost escalation.

### **UNION BUDGET 2005-06**

In the Union Budget 2005-06 Excise duty on iron & steel has been increased from 12% to 16% with 2% educational cess on all government duties & taxes. The hike in excise duty to 16% will not be having any major impact, as the entire duty is modvatable by most category of consumers. Customs duty on ferro-alloys and stainless steel and other alloy steel has also been reduced from 15% to 10%.

Nevertheless, the recent spurt in international prices of steel will largely negate the benefits from lowering of import duties on steel. The increased costs due to education cess have been largely passed on to the customers.

### **OUTLOOK**

Many new opportunities is expected from the car and vehicle utility segments as more foreign manufacturers are eyeing India as the low cost international hub for some of their operations. The outsourcing by Global-OEMs will definitely spurt the demand for auto parts in India.

Sustained rise in steel prices, high and rising crude oil prices and adverse forex fluctuations have the potential to dampen the industry's margins. Likewise, the growth in demand for auto industry will be impacted, if rural incomes do not improve. Also, the surge in crude oil prices has also dampened the global auto industry. Nevertheless, efficient and improving cost profile, enhanced capacities bringing in scale benefits and superior product development skills will keep atleast the front line players at an accelerated momentum both in terms of growth in turnover and profitability.



**Section VIII: BASIS OF ISSUE PRICE****BASIS FOR ISSUE PRICE**

The Issue Price has been determined by the Company based on the qualitative and quantitative factors given below in consultation with the Lead Manager.

**QUALITATIVE FACTORS**

1. Existing profit making Company operating in the forging industry since the past two decades. The profits of the Company has increased from Rs. 36.09 lacs in FY 1999-2000 to Rs.125.58 lacs in FY 2003-2004 registering a growth of 248%.
2. Received awards for export excellence in the Financial Year 1990-91, 1992-93, 1993-94, 1994-95, 1998-99, 2000-01& 2002-03.
3. Company has received the following quality certifications.
  - ☞ The TUV CERT/RWTUV Certification Body for having established and applying a quality system for manufacture and sale of Closed Die Steel Forgings, Flanges and Fittings according to ISO 9001:2000 vide certification registration no. 041009695.
  - ☞ The TUV CERT/RWTUV Certification Body have certified for Quality-System according to Directive 97/23/ED vide certification no. 042022440021004 for PED.
  - ☞ The TUV CERT/RWTUV Certification Body for having provided verification of compliance with the conditions in accordance with AD-2000-MERKBLATT WO vide certification registration no. 04202 W1300200018 dated 22/05/2002.
  - ☞ Lloyds Registrar Industrial Services (India) Pvt. Ltd for appendix "H" of CSA Standard B-51-95 (Quality Systems Requirements for Fitting Manufacturers).
  - ☞ Canadian Registration Number (CRN) #0B0465.9 for all the 13 provinces of Canada, i.e. British Colombia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, New Foundland & Labrador, Yukon Territory, Northwest Territory.

**QUANTITATIVE FACTORS****i) Earnings per Share (on Rs. 10/- per share)**

Year	EPS (Rs)	Wts
2002-03	4.09	1
2003-04	5.40	2
Nine months period ended 31/12/2004 (Annualised)	4.94	3
Weighted Average EPS	4.95	

Note: The denominator considered for the purpose of calculating earning per share is the weighted average numbers of Equity shares outstanding during the period.

**ii) P/E Ratio**

Price per share	Rs. 30/-
P/E (based on weighted average EPS)	6.06

**iii) Return on Networth**

Year	RONW (%)	Wts
2002-03	15.94	1
2003-04	20.87	2
Nine months period ended 31/12/2004 (Annualised)	27.53	3
Weighted Average RONW	23.38	

**iv) Minimum RONW required for maintaining preissue EPS of Rs. 4.94 (%) : 24.25**

**v) Net Asset Value (Rs.)**

NAV (pre issue) (As on 31 <sup>st</sup> December, 2004)	26.44
NAV (post Issue)	20.37

**vi) Industry P/E Ratio**

Highest (Amforge Inds)	38.70
Lowest (Uni Abex Alloy)	3.90
Average	22.20

Source: Capital market – Mar 28-Apr 10, 2005 Segment – Castings and Forgings

**vii) Comparison with other companies in the Peer Set.**

(Rs. in crore)

Name of the company	Equity	Sales	PAT	EPS	BV	P/E
Ahmednagar Forgings	8.00	135.10	12.50	15.60	68.70	8.50
Amforge Industries	14.82	206.30	7.70	5.20	28.80	38.70
Amtek Auto	19.26	506.00	51.60	5.10	54.30	23.20
E L Forge	6.56	50.20	1.30	2.00	19.70	17.70
Electrost Cast.	16.19	668.00	68.90	41.30	294.10	7.80
Pradeep Metals	12.72	18.80	0.30	0.30	(7.10)	–
Ramkrishna Forging	12.77	31.10	1.40	1.10	19.20	21.20
Titagarh Industries	12.38	31.30	(7.30)	–	33.00	–
Shree Ganesh Forgings	7.50	43.66	1.25	5.40	29.26	–

Source: Capital market – Mar 28 – Apr 10, 2005 Segment – Castings and Forgings. P/E based on share prices as on 22/03/2005.

**Conclusion**

The equity shares are being issued at a price of Rs. 30/- per share. The issue price is 3 times the face value of the shares. The pre issue book value of the shares as on 31/12/2004 is Rs. 26.44 per share. The average PE multiple of the industry sector is 22.20. The present issue of shares is at a PE multiple of 6.06 times which is 72.70% lower than the average PE multiple in the industry. The minimum return on networth required to be earned to maintain the pre-issue EPS of Rs. 4.94 is 24.25% whereas the company is already registered a RONW of 27.53% for the nine months period ended 31/12/2004

Taking into account the above qualitative and quantitative factors, the issue price of Rs. 30/- per share is justified.

**SECTION IX: LEGAL AND REGULATORY INFORMATION****OUTSTANDING LITIGATIONS, DEFAULTS, MATERIAL DEVELOPMENTS AND ADVERSE EVENTS**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	ULP/166 OF 1987	ENGINEERING WORKERS ASSOCIATION	Unfair Labour practices under items 6 of schedule II & IV of MRTU & Pulp Act 1971.	Industrial Court, Thane
The trial court has dismissed the case. The complainant has however gone for appeal in High Court.				
2.	SS/4617 OF 1998	M/S.SHREE MAHAVIR ISPAT LTD.	Summary Suit for recovery of money	Bombay High Court
The Plaintiff had filed a company petition No.64/1998 for recovery of principal amount of Rs.5.71 lacs with interest from SGFL in Bombay High Court. This company petition was rejected by the High Court and the petitioner was directed to file a Civil Suit for recovery of the said amount. Accordingly Shree Mahavir Ispat Ltd has filed Civil Suit No SS/4617 of 1998 in Bombay High Court which is still pending.				
3.	SS/2582 OF 2001	HARDEEP SINGH BHURJI	Summary suit under order XXXVII CPC 1908	Bombay High Court
The plaintiff a Civil Contractor was awarded the Company's Civil Work in the year 1998. He left the work unfinished, which was also unsatisfactory. He filed a summary suit against the company by claiming an amount of Rs. 0.86 lacs for the faulty and unfinished work. On 16/03/2005, an ex-parte decree was passed against the company to pay him Rs. 0.56 lacs together with the interest at the rate of 9% per annum from the date of the suit till payment of all cost of the suit. The company has filed a notice of motion in the High Court at Mumbai on 26/04/2005 to stay and set aside the said ex-parte decree.				
4.	CS/384 OF 2004	M/S.REGENCY IMPEX (INDIA)	Summary Suits for recovery	Bombay High Court
Plaintiff used to supply Stainless Steel materials to SGFL. They claimed Rs. 4.79 Lacs from company which as per company records is not payable. Hence M/s Regency Impex (India) filed a suit against SGFL. The case has not come up for hearing so far.				
5.	CC 650/S/2000 OF 1997	FORTIS FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	31st Court at Esplanade, Mumbai
The complainant has filed this case against SGFL under section 138 of Negotiable Instrument Act, 1881 as amended for bouncing of 2 cheques totaling to Rs. 2.06 lacs				
6.	CC 182/S/2003	CEAT FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	16th Court, Ballard Estate, Mumbai
The complainant has filed this case against SGFL under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 4 cheques totaling to Rs.10.39 lacs issued by SGFL to Ceat Financial Services Ltd.). SGFL has duly paid the above said amount of Ceat Financial Services Ltd by issuing fresh cheques subsequently. However, the complainant in the meantime has filed this complaint. The case is under progress in the court at Mumbai.				
7.	CC/68 OF 2002	M/s.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate, First Class, Pune
The complainant has filed this case against SGFL under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of a cheque of Rs. 6.11 lacs issued by SGFL to TISCO. The case is under progress at Pune court.				
8.	CC/69 & 70 OF 2002	M/s.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate, First Class, Pune
The complainant has filed this case against SGFL under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 2 cheques totaling to Rs. 7 lacs issued by SGFL to TISCO. The case is under progress at Pune Court.				

**The total monetary value of litigations against the company is Rs. 36.92 lacs.**

**Litigations/Disputes against Promoters/Directors****– Against Mr. Deepak B. Sekhri – Chairman cum Managing Director**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	CC 650/S/2000 OF 1997	FORTIS FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	31st Court at Esplanade, Mumbai
The complainant has filed this case against SGFL and the said director under section 138 of Negotiable Instrument Act, 1881 as amended for bouncing of 2 cheques totaling to Rs. 2.06 lacs				
2.	CC 182/S/2003	CEAT FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	16th Court, Ballard Estate, Mumbai
The complainant has filed this case against SGFL and the said director under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 4 cheques totaling to Rs.10.39 lacs issued by SGFL to Ceat Financial Services Ltd. SGFL has duly paid the above said amount of Ceat Financial Services Ltd by issuing fresh cheques subsequently. However, the complainant in the meantime has filed this complaint. The case is under progress in the court at Mumbai.				
3.	ULP/166 OF 1987	ENGINEERING WORKERS ASSOCIATION	Unfair Labour practices under items 6 of schedule II & IV of MRTU & Pulp Act 1971.	Industrial Court, Thane
The trial court has dismissed the case. The complainant has however gone for appeal in High Court.				

**– Against Mrs. Anita D. Sekhri**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	CC/68 of 2002	M/S.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate First Class, Pune
The complainant has filed this case against SGFL and the said director under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of a cheque of Rs.6.11 lacs issued by SGFL to TISCO. The case is under progress at Pune court.				
2.	CC/69 & 70 of 2002	M/S.Tata Iron and Steel Company Ltd. (TISCO)	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	Judicial Magistrate First Class, Pune
The complainant has filed this case against SGFL and the said director under section 138 of the Negotiable Instrument Act 1881 as amended for bouncing of 2 cheques totaling to Rs.7.00 lacs issued by SGFL to TISCO. The case is under progress at Pune Court.				

**– Against Mr. Balkrishan Sekhri**

SR.NO.	CASE NO.	NAME OF PLAINTIFF/ COMPLAINANT	PARTICULARS	NAME OF COURT
1.	CC/650/S/2000 OF 1997	FORTIS FINANCIAL SERVICES LTD.	Sec.138 R.W. Section 141 of Negotiable Instruments Act of 1881.	31st Court at Esplanade, Mumbai
The complainant has filed this case against SGFL and the said director under section 138 of Negotiable Instrument Act, 1881 as amended for bouncing of 2 cheques totaling to Rs. 2.06 lacs.				

**The total monetary value of litigations against the promoters is Rs. 27.62 lacs.**

**– Against other ventures of the promoters****1) Against Dean Akshatt Exim Private Ltd.**

Bihar Alloy Company has filed a civil suit in the High Court of Mumbai against Akshatt Forge, a division of Dean Akshatt Exim Private Ltd for an amount of Rs. 29.57 lacs.

**2) Suit filed by Dean Akshatt Exim Private Ltd.**

Dean Akshatt Exim Private Ltd filed a suit for an amount of Rs. 20.41 lacs against MSEB and a decree has been passed in the favour of the Company. However MSEB has filed an appeal.

**The total monetary value of litigations against other ventures of the promoters is Rs. 49.98 lacs.**



There are no overdues, defaults to the Financial Institutions/Banks, Re-schedulement of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters of the Company.

Other than those stated above there are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigation against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.

Other than those stated above there are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

There are no litigation outstanding against the Promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI other than those mentioned above.

There is no prosecution launched by Income Tax Authorities and no liability compounded by the promoters/company/companies/ventures with which the promoters are associated is subsisting.

#### **TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

R.K. Chaudhary & Associates, Chartered Accountants and Statutory Auditors of the Company have advised vide their letter dated 28/03/2005, that the following tax benefits are available to the company and its shareholders.

##### **A. To the Company – Under the Income Tax Act, 1961**

- By virtue of Section 10(34) of the Act, dividend income referred to in Section 115-O of the Act, are exempt from tax in the hands of the company.
- By virtue of section 10(38) of the Act, long term capital gains arising from the transfer of equity shares in a company or a unit of a equity oriented funds shall be exempt in the hands of the company provided that
  - a) the sale transaction is entered into on or after the provisions for Securities Transaction Tax (STT) come into force and
  - b) such transaction is chargeable to STT.

##### **For this purpose equity oriented fund means a fund –**

- a) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 51% of the total proceeds of such funds; and
- b) which has set up under a scheme of Mutual Fund specified under Section 10 (23D)

Further, the percentage of the equity shareholding of such funds should be computed with reference to the annual average of the monthly averages of the opening and closing figures.

- The Company is entitled to claim deduction under Section 35AC in respect of amounts paid to a public sector company, local authority, or to an approved association or institution, for carrying out any eligible project or scheme.
- In accordance with and subject to the provisions of Section 35DDA, the company is entitled to deduction of expenditure incurred by payment to an employee at the time of his voluntary retirement in five equal annual installments beginning from the year in which the expenditure is incurred.
- Under section 48 of the Act, if any shares are sold by the company after being held for not less than twelve months the gains (in cases not covered under section 10(36) and 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) arising on the transfer of shares by the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by –
  - (1) National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981.
  - (2) National Highway Authority of India Constituted under Section 3 of the National Highway Authority of India Act, 1988;
  - (3) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;



- (4) National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987 and
- (5) Small Industries Development Bank of India established under section 3 (1) of the Small Industries Development Bank of India, 1989;
- Under section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions namely –
  - (a) the issue is made by a public company formed and registered in India.
  - (b) The shares forming part of the issue are offered for subscription to the public.
- As per the provisions of Section 111A, short term capital gains arising on transfer of equity shares in the company or units of an equity oriented fund i.e. the equity shares / units are held for a period of less than twelve months, such that the sale transaction is entered on or after the date on which the STT provisions come into force and such transaction is chargeable to securities transaction tax, then tax on such short term capital gains would be payable @ 10% (plus surcharge and education cess).
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) and 10(38) of the Act) arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso of Section 48) or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the company.

**B. To the Members of the Company – Under the Income Tax Act, 1961**

**B.1 Resident Members**

- In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein, are eligible for exemption from income tax on all their income.
- Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64 (1A) of the Act, will be exempt from tax to the extent of Rs. 1500 per minor child.
- By virtue of section 10(34) of the Act, dividend income referred to in section 115-O of the Act is exempt from tax in the hands of the shareholders of the company.
- By virtue of section 10(38) of the Act, long term capital gain arising from the transfer of equity shares in a company shall be exempt in the hands of the company provided that –
  - (a) the sale transaction is entered into on or after the provisions for Securities Transaction Tax (STT) come into force and
  - (b) such transaction is chargeable to STT
- Under Section 48 of the Act, if the company's shares are sold after being held for not less than twelve months the gains (in cases not covered under section 10(36) and 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10 (38) of the Act) arising on the transfer of shares by the Company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by –
  - (1) National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981.
  - (2) National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988;
  - (3) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
  - (4) National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987 and
  - (5) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;



- Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions namely –
  - (a) the issue is made by a public company formed and registered in India.
  - (b) The shares forming part of the issue are offered for subscription to the public.
- As per the provisions of section 111A, short term capital gains arising on transfer of equity shares in the company or units of an equity oriented fund i.e. the equity shares/units are held for a period of less than twelve months, such that the sale transaction is entered on or after the date on which the STT provisions come into force and such transaction is chargeable to securities transaction tax, then tax on such short term capital gains would be payable @ 10% (plus surcharge and education cess).
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) and 10(38) of the Act) arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso of Section 48) or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the Company.

#### **B.2. Non-Residents/Non-Residents Members (Other than FIIs and Foreign Venture Capital Investors)**

- Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1500 per minor child.
- By Virtue of Section 10(34) of the Act, dividend income referred to in Section 115-O of the Act is exempt from tax in the hands of the shareholders of the company.
- Under section 48 of the Act, if any shares are sold by the company after being held for not less than twelve months the gains (in cases not covered under section 10(36) and 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) arising on the transfer of shares by the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by:
  - (1) National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981.
  - (2) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
  - (3) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
  - (4) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987 and
  - (5) Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989;
- Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10(38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions namely –
  - (a) the issue is made by a public company formed and registered in India.
  - (b) The shares forming part of the issue are offered for subscription to the public.
- Under section 54F of the Act long term capital gains (not covered under section 10(36) and 10(38) of the Act) on the transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property with a period of one year before or two years after the date of which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.



- As per the provisions of Section 111A, short term capital gains arising on transfer of equity shares in the company or units of an equity oriented fund i.e. the equity shares/units are held for a period of less than twelve months, such that the sale transaction is entered on or after the date on which the STT provisions come into force and such transaction is chargeable to securities transaction tax, then tax on such short term capital gains would be payable @ 10% (plus surcharge and education cess).
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) and 10(38) of the Act) arising on transfer of shares in the company, i.e. if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso of section 48) or at 10% (Plus applicable surcharge and education cess) without indexation, at the option of the Company.
- A non-resident India (i.e. an individual being a citizen of India or person of Indian origin) has an option to be governed by the provisions of Chapter XII-A of the Act viz. "Special Provisions Relating to Certain Incomes of Non Residents".
- Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, Capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Sections 10(36) and 10(38) of the Act) be concessionally taxed at the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge and education cess.
- Under provisions of section 115F of the Act long term capital gains (not covered under Sections 10(36) and 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax, if the net consideration is invested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under provisions of section 115G of the 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 deductible at source has been deducted there from

### B.3. Foreign Institutional Investors (FIIs).

- By Virtue of Section 10(34) of the Act, dividend income referred to in section 115-0 of the Act is exempt from Tax in the hands of the shareholders of the Company.
- By Virtue of Section 10(38) of the Act, long term capital gain arising from the transfer of equity shares in a company shall be exempt in the hands of the company provided that –
  - (a) the sale transaction is entered into on or after the provisions for Securities Transaction Tax (STT) come into force and
  - (b) such transaction is chargeable to STT.
- Under Section 54 EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10(36) and 10 (38) of the Act,) arising on the transfer of shares by the Company will be exempt from Capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer, minimum for a period of 3 years in bonds issued by-
  - (1) National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981.
  - (2) National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988;
  - (3) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
  - (4) National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987 and
  - (5) Small Industries Development Bank of India established under Section 3 (1) of the Small Industries Development Bank of India Act, 1989;
- Under Section 54ED of the Act, and subject to the conditions and to the extent specified therein, long term capital gains (not covered under Section 10 (36) and 10 (38) of the Act) on the transfer of listed securities, will be exempt from capital gains tax, if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions namely –





(a) the issue is made by a Public company formed and registered in India.

(b) The shares forming part of the issue are offered for subscription to the public.

- The Income by way of short term capital gains or long term capital gains (not covered under Section 10(36) and 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act –
  - ➔ Short term capital gains – 30% (plus applicable surcharge and education cess) (without cost indexation and protection against foreign exchange fluctuation)
  - ➔ Short term capital gains (referred to in Section 111A of the Act) – 10% (Plus applicable surcharge and education cess) (without cost indexation and protection against foreign exchange fluctuation)
  - ➔ Long term capital gains –10% (plus applicable surcharge and education cess) (without cost indexation and protection against foreign exchange fluctuation)

(Shares held in a company would be considered as a long term capital asset provided they are held for a period of exceeding 12 months).

#### **B.4. Venture Capital Companies/Funds**

- In terms of Section 10 (23FB) of the Act all Venture capital companies/funds/undertaking registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from Income Tax on all their income including Income from Dividend.

#### **C. Benefits to the Members of the Company under the Wealth Tax Act, 1957.**

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

#### **D. Benefits available Under Gift Tax Act.**

Gift Tax is not leviable in respect of any made on or after October 1, 1998. Thereafter, any gift or shares will not attract gift tax.

Notes:

1. **All the above benefits are as per the current tax law as amended by the Finance Act, 2005 and will be available only to the sole/first named holder incase the shares are held by joint holders.**
2. **In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreements, if any.**



## PART II

### SECTION X. FINANCIAL INFORMATION

#### AUDITOR'S REPORT

28<sup>th</sup> March 2005

The Board of Directors  
**Shree Ganesh Forgings Ltd,**  
5/5A, Kamanwala Chambers,  
4<sup>th</sup> floor, Sir P.M. Road, Fort,  
Mumbai – 400 001

Dear Sirs,

I have examined the Books of Accounts of Shree Ganesh Forgings Ltd. for the financial year ended 31<sup>st</sup> March 2004, 31<sup>st</sup> March 2003, 31<sup>st</sup> March 2002, 31<sup>st</sup> March 2001, 31<sup>st</sup> March 2000 and the audited financial statement for the 9 months ended 31<sup>st</sup> December 2004 which is the last date to which the accounts of the Company have been made up. Financial statements have been recast in accordance with Schedule VI of the Companies Act, 1956 and in accordance with accounting standards of the Institute of Chartered Accountants of India. I confirm that the financial statements have been made in accordance with Schedule VI of the Companies Act 1956 and as per accounting standards of the Institute of Chartered Accountants of India.

As required by Part II of Schedule II to the Companies Act 1956 and as per guidelines issued by the Securities and Exchange Board of India ('SEBI') in pursuance of subsection (1) of Section 11 of the Securities & Exchange Board of India Act, 1992, I have examined the financial information contained in Annexures to this report which is proposed to be incorporated in the Offer Document of Shree Ganesh Forgings Ltd. in connection with the public issue of equity shares of Rs. 10/- each, at a premium of Rs. 20/- per share.

Based on my examination of the above financial statement, I confirm that the relevant extracts of Balance Sheet and Profit & Loss Account as enclosed in Annexure I of this report has been made after giving effect to the following :

- ➔ The impact of changes in accounting policies adopted by the Company has been disclosed with retrospective effect.
- ➔ The impact of qualification in the auditor's report where applicable has been adjusted.
- ➔ The impact of extra ordinary items has been disclosed separately in the financial statements.

The significant accounting policies and notes to accounts for the financial statement for 9 months ended 31<sup>st</sup> December 2004 are enclosed in Annexure II to this report.

#### Other Financial Information

- ➔ Accounting Ratios relating to Earnings per share, Net Asset Value per share & Return on Networth and Return on Capital Employed are given in Annexure III.
- ➔ The Capitalisation Statement of the Company for the financial statement for 9 months ended 31<sup>st</sup> December 2004 is enclosed as Annexure IV.
- ➔ Statements of tax shelter for the five financial years ended 31<sup>st</sup> March, 2004 and tax shelter for the financial statement for 9 months ended 31<sup>st</sup> December 2004 are enclosed in Annexure V.
- ➔ The transactions with companies in the promoter group and details and transaction with Group Company/promoters including outstanding loans taken by the Company are enclosed in Annexure VI.

In my view the 'financial information as per audited financial statements' & 'other financial information' mentioned above is in accordance with the relevant requirements of Part II of Schedule II of the Companies Act, 1956 and as per guidelines issued by Securities & Exchange Board of India.

For **R.K.CHAUDHARY & ASSOCIATES.**

Chartered Accountants

Sd/-

(R.K.Chaudhary)

Proprietor

M.No.35487

Kamanwala Chamabers, 3<sup>rd</sup> Floor,

Sir P.M. Road,

Fort, Mumbai 400 001.



## SCHEDULE X

The financial highlights of Shree Ganesh Forgings Ltd. for the five financial years ended 31/03/2004 and 9 months period ended 31/12/2004.

(Rs in lacs)

	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH					For 9 Months Ended
	2000	2001	2002	2003	2004	31/12/2004
<b>INCOME</b>						
Sales						
Of products manufactured by the Company	2263.72	2643.08	2723.66	3619.74	4368.92	4,259.31
Of Products traded in by the Company	–	–	–	–	–	–
Total	2263.72	2643.08	2723.66	3619.74	4368.92	4,259.31
Other Income	25.12	13.44	37.45	15.77	14.54	10.89
Increase (Decrease) in Inventories	181.55	172.93	(30.18)	(233.04)	175.39	148.32
	<b>2470.39</b>	<b>2829.45</b>	<b>2730.93</b>	<b>3402.47</b>	<b>4558.85</b>	<b>4,418.52</b>
<b>Expenditure</b>						
Raw Materials Consumed	1309.25	1542.13	1541.06	1896.02	2622.10	2,609.19
Staff Costs	92.09	94.65	80.87	97.90	116.57	103.15
Other Manufacturing Expenses	809.76	895.48	810.53	1075.46	1387.18	1,208.06
Administration Expenses	27.73	45.16	51.72	65.58	73.59	69.69
Selling and Distribution Expenses	19.43	25.50	26.53	18.71	38.13	28.42
Interest	170.85	178.21	155.95	148.05	151.62	119.76
	<b>2429.11</b>	<b>2781.13</b>	<b>2666.66</b>	<b>3301.72</b>	<b>4389.19</b>	<b>4,138.27</b>
Net Profit before tax and Extraordinary items	41.28	48.32	64.27	100.75	169.66	280.25
Taxation	–	6.10	10.00	18.90	48.10	64.10
Net Profit before extraordinary items	41.28	42.22	54.27	81.85	121.56	216.15
Extraordinary items (net of tax)	(5.19)	(5.03)	0.07	(2.42)	3.72	6.48
Net Profit after extraordinary items	36.09	37.19	54.34	79.43	125.28	222.63



**SCHEDULE XI**  
**Clause 6.18.7(vi)**

**STATEMENT OF ASSETS AND LIABILITIES**

(Rs in Lacs)

	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH					For 9 Months Ended
	2000	2001	2002	2003	2004	31/12/2004
<b>Fixed Assets</b>						
Gross Block	1357.14	1405.88	1415.65	1438.65	1681.96	2025.08
Less: Depreciation	405.97	464.34	524.84	605.97	706.21	798.44
Net Block	951.17	941.54	890.81	832.68	975.75	1226.64
Less: Revaluation Reserve	710.65	676.35	642.05	607.74	583.10	564.62
Net Block after adjustment for Revaluation	240.52	265.19	248.76	224.94	392.65	662.02
<b>Current Assets, Loans and Advances</b>						
Inventories	1177.21	1232.66	1193.92	1290.00	1360.84	1836.42
Sundry Debtors	541.60	477.12	436.11	412.58	550.17	508.77
Cash and Bank Balances	134.35	134.81	138.46	164.68	175.07	238.46
Loans and Advances	229.56	311.14	298.86	490.39	368.93	542.73
Other Current Assets						
<b>Liabilities and Provisions</b>						
Secured Loans	990.84	1019.54	984.32	1011.27	1021.02	963.50
Unsecured Loans	139.91	204.61	205.67	212.31	230.65	0.00
Current Liabilities and Provisions	853.89	817.03	692.05	864.01	1013.60	1778.16
<b>Networth: Represented by</b>						
1. Share Capital	200.00	200.00	200.00	200.00	500.00	750.00
2. Reserves	853.20	856.09	876.13	921.26	665.49	869.64
Less: Revaluation Reserve	710.65	676.35	642.05	607.74	583.10	564.62
Reserves (Net of Revaluation Reserves)	142.55	179.74	234.08	313.52	82.39	305.02
Less : Miscellaneous Expenditure	-	-	-	-	-	8.28
Networth	342.55	379.74	434.08	513.52	582.39	1046.74



## ANNEXURE II

**1. Significant Accounting Policies and notes to accounts for the financial statement for 9 months ended 31/12/2004****i) Basis of Accounting:**

The Financial Statement are prepared under the historical cost convention on an accrual basis except in case of gratuity liability and interest on bill discounting which is accounted for on cash basis.

**ii) Fixed Assets:**

- a) The Fixed assets are stated at cost less depreciation.
- b) Depreciation on fixed assets is being charged on straight line method at the rate prescribed under schedule XIV to the Companies Act, 1956.
- c) Depreciation on revalued assets is transferred from revaluation reserve to the Profit & Loss Account.
- d) Leasehold land value is not amortized in view of the long tenure of unexpired lease period.

**iii) Inventories:-**

The inventories are valued:-

- a) Raw Material : At Cost.
- b) Finished Goods : Lower of estimated cost or realizable value (cost comprises of Material cost and direct overheads)
- c) Semi Finished Good : At estimated cost (Material Cost and related direct overheads)
- d) Scrap : At net realizable value.
- e) Sundry Materials : At Cost

**iv) Contingent Liabilities:**

Contingent Liabilities are generally not provided for in the accounts and are shown as notes to the account.

**v) Foreign Currency Transaction :**

Foreign Currency transactions are recorded in the Indian Rupees at actual amount realized or paid by the Bank in respect of transactions during the year.

vi) Export benefits/Incentive on exports are accounted on accrual basis taking into account the present realizable value of DEPB Licence.

**2.1 Contingent Liabilities**

	(Rs. Lacs)
a) Income Tax	NIL
b) Sales Tax	NIL
c) Excise Duty	NIL
d) Bill Discounting	107.56
e) Letter of Credit	410.79
f) Bank Guarantee	NIL

**2.2 Auditors Remuneration**

	(Rs.)
a) Audit Fees	21000
b) Legal & Professional Fees	NIL
c) Out of Pocket Exps	NIL
d) Other Services – Income Tax	10000

2.3.1 Remuneration to Managing Director Rs. 20,55,750

2.3.2 Remuneration to Executive Director Rs. 17,70,750



## 2.4 Secured Loans

A. Term Loans NIL

B. **Working Capital Facilities**(i) **Name of the Bank**

Corporation Bank  
IFB Branch, Bharat House,  
No. 104, Ground Floor,  
Bombay Samachar Marg, Fort,  
Mumbai – 400023.

(ii) **Nature of Loan**

Working Capital Facilities

(iii) **Loan Sanctioned**

(Rs. in lacs)

	<b>Sanction Limit</b>	<b>Outstanding as on 31/12/2004</b>
a) Cash Credit -	250.00	179.08
b) Usance Bills Discounting	100.00	Nil
c) Packing Credit	800.00	645.72
d) Foreign Documentary Bills	500.00	107.56
e) Inland Letter of Credit	500.00	410.79
	<b>2150.00</b>	<b>1343.15</b>

## 2.5 Installed Capacity and Actual Production

a) Installed Capacity	11000 Metric Tonne
b) Actual Production	2310 Metric Tonne

2.6 **Opening and Closing Stock**

(Rs. in lacs)

	<b>Opening Stock</b>	<b>Closing Stock</b>
(i) Die Steel and Dies Stock	197.23	211.12
(ii) Sundry Material	10.43	18.96
(iii) Raw Material	417.99	722.83
(iv) Finished and Semi Finished	724.51	834.37
(v) Scrap	10.68	49.14
<b>Total</b>	<b>1360.84</b>	<b>1836.42</b>

2.7 Raw Material Consumed Rs.2609.19 Lacs2.8 Value of Imports on C.I.F. Basis NIL2.9 Expenditure in Foreign Currency Rs.52.02 lacs2.10 Earnings in Foreign Currency Rs.2552.08 Lacs2.11 Small Scale Industrial Undertaking Not Applicable.

**ANNEXURE III****ACCOUNTING RATIOS**

Particulars	For the Financial Year ended					For 9 Months Ended
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	31/12/2004
Earnings Per Share (EPS) (Rs)	3.81	2.11	2.71	4.09	5.40	5.46
Net Asset Value (NAV) (Rs per Share)	31.62	18.99	21.70	25.68	25.88	26.44
Return on Net Worth (RONW) (%)	12.05	11.12	12.50	15.94	20.87	20.65
Return on Capital Employed (ROCE) (%)	10.15	9.74	11.41	15.94	20.87	20.65

**ANNEXURE IV****CAPITALISATION STATEMENT**

Capitalisation Statement as per letter dated 28/03/2005 received from R.K.Chaudhary Chartered Accountants and Statutory Auditors of the Company is as follows:-

(Rs. in lacs)

Particulars	Pre-issue as at 31/12/2004	Post-issue as adjusted for the issue
A. Short Term Debts	963.49	1150.00
B. Long Term Debts	—	1240.00
Total Debts	963.49	2390.00
Shareholders Funds		
a. Equity Share Capital	750.00	1250.00
b. Reserves & Surplus (incl. Share premium)	296.74	1296.74
Total	1046.74	2546.74
Long Term Debts /Equity Ratio	—	0.49

**Note:**

The Company allotted 25,00,000 no. of equity shares to Mr. Deepak B. Sekhri and its associates by way of preferential allotment of equity shares of Rs.10/- each at par on 06/12/2004.

**ANNEXURE V****TAXATION STATEMENT**

As per certificate dated 28/03/2005 given by R.K.Chaudhary & Associates Chartered Accountants and Statutory Auditors of the Company the taxation statement is as follows:-

(Rs. in lacs)

	Year Ended March 31 <sup>st</sup>					For 9 Months Ended
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	31/12/2004
Tax at Notional Rate	15.89	18.60	22.95	37.02	60.87	100.54
Adjustments Export Profits	(15.06)	(16.19)	(29.67)	(42.21)	(39.07)	0.00
Difference between tax depreciation and book depreciation	(16.56)	(11.59)	(6.19)	17.58	27.26	(105.06)
Other adjustments	6.63	1.00	6.67	0.52	0.23	0.00
Net adjustments	(24.99)	(26.78)	(29.19)	(24.11)	(11.58)	(105.06)
Tax savings thereon	(9.62)	(10.15)	(10.42)	(8.85)	(4.16)	(36.43)
Total taxation	6.27	8.45	12.53	28.17	56.71	64.11
Taxation on extraordinary items	—	—	—	—	—	—
Tax on profit after extra ordinary items	6.27	8.45	12.53	28.17	56.71	64.11

**Statement of related party transaction for the period 01/04/2004 to 31/12/2004.**

(Rs. in lacs)

<b>Sr. No.</b>	<b>Nature of transactions</b>	<b>Total Amount</b>	<b>Name of the entity</b>
1.	Interest	8.67	D. B. Sekhri
2.	Interest	1.49	D.B. Sekhri (HUF)
3.	Interest	0.16	A.D. Sekhri
4.	Interest	0.95	Akshatt Sekhri
5.	Interest	0.68	Namha Sekhri
6.	Interest	11.31	Chandramouli Silk Mills
7.	Machining Charges	2.28	Chandramouli Silk Mills
8.	Car Hiring Charges	1.71	Chandramouli Silk Mills
9.	Lease Rent	31.50	Dean Akshatt Exim (P) Ltd.
10.	Service Charges	21.60	Dean Akshatt Exim (P) Ltd.
11.	Machining Charges	51.37	Dean Akshatt Exim (P) Ltd.
12.	Rent	1.35	S.Sarup & Co.
13.	Interest	2.26	Namha Profile Inc.
14.	Purchase of raw material	111.03	Namha Exim Pvt. Ltd.
15.	Sale of Material	290.74	Namha Exim Pvt. Ltd.
16.	Rent Received	0.90	Namha Exim Pvt. Ltd.



**MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS:**

Comparison of significant items of income and expenditure of SGFL for the past three years and for nine months period ended 31/12/2004 is as follows:

(Rs. in lacs)

Particulars	2001-2002	2002-2003	2003-2004	9 months ended on 31/12/2004
<b>Income</b>				
Operational Income	2723.66	3619.74	4368.92	4259.30
Other Income	37.45	15.77	14.54	10.89
<b>Total</b>	<b>2761.11</b>	<b>3635.51</b>	<b>4383.46</b>	<b>4270.19</b>
<b>Expenditure</b>				
Raw Material	1541.06	1896.02	2622.10	2609.19
(Increase)/Decrease in Stock	30.18	233.04	(175.39)	(148.32)
Excise Duty	119.24	130.90	192.76	179.12
Employee Cost	80.87	97.90	116.57	103.15
Other Manufacturing expenses	743.33	982.02	1230.53	1053.30
Depreciation	26.20	46.83	75.60	73.75
Financial Expenses	155.95	148.05	151.62	119.75
<b>Total</b>	<b>2696.83</b>	<b>3534.76</b>	<b>4213.79</b>	<b>3989.94</b>
Net profit/(Loss) before tax	64.28	100.75	169.66	280.25
Taxation	10.00	18.90	48.10	64.10
<b>Net Profit/(Loss) after tax</b>	<b>54.28</b>	<b>81.85</b>	<b>121.56</b>	<b>216.15</b>

**2001-02**

During this year, the turnover of the company recorded an increase of 3% from Rs. 2643.08 lacs in the FY 2001 to Rs. 2723.66lacs in the FY 2002. The Profit After Tax (PAT) for the FY 2002 stood at Rs.54.28 lacs, thereby registering the growth of 28.56% over the previous year.

**2002-03**

The turnover of the company in the FY 2003 stood at Rs. 3619.74 lacs as against the previous financial year of Rs. 2723.66 lacs, thereby recording an increase of 32.90%. The PAT for this year was Rs. 81.85 lacs as against Rs. 54.28 lacs for the corresponding previous financial year, recording an increase of 50.79%.

**2003-04**

The company has been witnessing a continuous upswing in its domestic and export sales. The export sales continue to outperform the domestic sales. In the FY 2004, the turnover of the company increased by 20.70% to Rs.4368.92 lacs. The PAT stood at Rs. 121.56lacs as against 81.85 lacs recording an increase of 48.52% over the previous year. In view of this healthy performance, the company has rewarded the shareholders with a dividend of Re. 1/- per equity share.

**Nine months period ended 31/12/2004**

The company has achieved 97% of its sales turnover for FY2004 in the nine months period ended 31/12/2004. The PAT for the nine months period ended 31/12/2004 has shown an increase of 77% as compared to FY 2004.

- ◆ **Unusual or infrequent events or transactions**  
There have been no unusual or infrequent events or transactions.
- ◆ **Significant economic changes**  
There are no significant economic changes that will affect the industry.



◆ **Known trends or uncertainties**

The demand for the product of the company has shown an increasing trend.

◆ **Future relationship between costs and revenues**

Due to prevailing boom in the industry and the increase in the demand for the company's product, there is scope for increase in the revenues of the company. The future increase in the revenue will offset any increase in cost price of the raw material.

◆ **New Products**

The company is not contemplating any new products.

◆ **Seasonality of business**

The industry is continuing process industry and there is no seasonality of business.

◆ **Dependence on single or few suppliers/customers**

The company is not depending on single or few suppliers/customers.

◆ **Competitive Conditions**

The company has specialized in manufacturing products that suit the customer's requirement. SGFL enjoys good reputation among its customers and has commended a good market for its products overseas. Therefore the competitive conditions will not affect the turnover of the company.

◆ **Material developments after the date of the last balance sheet**

There are no material developments after the date of last audited balance sheet which will have any adverse impact on the company.

◆ **Adverse events**

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Registrar of Companies.

**DIRECTORS' STATEMENT**

In the opinion of the Directors, there have not arisen since the date of the last financial statements disclosed in the Prospectus, any circumstances that materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay liabilities within the next 12 months.

**STATEMENT OF ASSETS AND LIABILITIES AFTER DEDUCTING REVALUATION RESERVE AND NET WORTH ARRIVED AT AFTER SUCH DEDUCTION AS PER CLARIFICATION XIII.**

The Company has revalued "lease hold land", "factory building" and "plant & machinery" as on 31/03/1995 on the basis of current value of these assets as per valuation report of the approved valuer. This has resulted in an increase in the gross value of these assets by Rs. 8,82,16,898/-. The networth of the company has been shown after deducting the revaluation reserves and same has been mentioned on page 58 of this prospectus.



## SECTION XI : STATUTORY AND OTHER INFORMATION

### CONSENTS

Consents in writing of the Directors, the Auditors, Bankers to the Company, Lead Manager to the Public Issue, Registrar to the Public Issue and Bankers to the Public Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

### EXPERT OPINION

The company has obtained expert opinion on tax benefits available to the Company and its Shareholders from R.K. Chaudhary, Chartered Accountants and Statutory Auditor of the Company.

### CHANGE IN BOARD OF DIRECTORS

Changes in the Board of Directors for the past three years are as follows:-

Sr. No.	Name	Date of Appointment	Date of Resignation
1	Mr. Albert D'Souza	28/12/2004	—
2	Mr. Gian Prakash Singh	28/12/2004	—
3	Mr. Anand Vardan	19/01/2005	—
4	Mr. Krishan Kumar Khurana	19/01/2005	—
5	Mr. Pal Uppal	19/01/2005	—

### CHANGE IN AUDITORS

There has been no change in the Auditors of the company during the past three years.

### STOCK MARKET DATA FOR SHARES OF THE COMPANY

The equity shares of the company are not listed on any stock exchange.

### FEES PAYABLE TO LEAD MANAGER

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Lead Manager, a copy of which is available for inspection at the Registered office of SGFL.

### FEES PAYABLE TO REGISTRAR TO THE PUBLIC ISSUE

The total fees payable to the Registrar to the Public Issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the Public Issue, a copy of which is available for inspection at the Registered office of SGFL.

### UNDERWRITING COMMISSION

The present Public Issue is not being underwritten and hence no underwriting commission is payable.

### BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the offer price of Equity Shares offered to the Public on the basis of allocation made against applications bearing the stamp of the members of any recognised Stock Exchanges in India in the brokers column. Brokerage at the same rate will also be payable to the Bankers to the Public Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

### OPTION TO SUBSCRIBE

The investor shall have the option to either receive the security certificate or to hold securities in demat form with the Depository.

### PREVIOUS ISSUE DETAILS

The company has not made any issue of equity shares to the public prior to the present Public Issue.

### PROMISE V/S PERFORMANCE

The company has not made any issue of equity shares to the public prior to the present Public Issue.

### OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, the company do not have any outstanding Debentures, Bonds or Preference shares.

### CAPITALISATION OF RESERVES OR PROFITS

The company has issued 3,00,000 bonus equity shares of Rs. 10/- in the ratio of 3:2 on 26/02/2004 as bonus out of free reserves of the company. Other than this the company has not capitalized its reserves or profits at any time.



#### **ISSUE OTHERWISE THAN FOR CASH**

The company has allotted 500 equity shares of Rs. 10/- each for consideration other than cash on 05/09/1981. Other than this the company has not allotted any equity shares for consideration other than cash.

#### **COMPANIES UNDER THE SAME MANAGEMENT**

There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

#### **INVESTOR GRIEVANCE REDRESSAL SYSTEM**

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. Manickam, as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

#### **TRANSACTIONS WITH COMPANIES IN PROMOTER GROUP**

There are no transactions of sales/purchases with the companies in the promoter group, which exceed in value in aggregate of 10% of the total revenues/expenditure of the Company.

#### **MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF SHREE GANESH FORGINGS LIMITED**

##### **Article 10**

##### **Consolidation, division, sub-division and cancellation of shares.**

- (1) Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, alter the conditions of its Memorandum for all or any of the following purposes:-
  - (a) To consolidate and divide all or any of its capital into shares of larger amount than existing shares;
  - (b) To sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is divided;
  - (c) To cancel any shares which at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of the shares so cancelled. A cancellation of shares in pursuance of this subclause shall not be deemed to be reduction of share capital within the meaning of the act.
- (2) Where the Company shall do any one or more of the things provided for in the foregoing sub-clause (a) (b) and (c), the Company shall within thirty days thereafter, give notice thereof to the Registrar as required by Section 95 of the Act specifying as the case may be, the shares consolidated, divided, subdivided or cancelled.

##### **Article 11**

##### **Modification of rights of Shareholder**

- (1) Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of section 106 and 107 of Act, be varied, modified, commuted, affected or abrogated, or dealt with by the Company with the consent in writing of the holders of not less than three-fourths of the issued capital of that class or with the sanction of special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions hereafter contained as to General Meetings shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power the Company would have if this Article were omitted.
- (2) The rights conferred upon the holders of the shares (including Preference Shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, effected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.

##### **Article 12A**

##### **i) Power of Company to Dematerialise and rematerialise**

Notwithstanding anything contained in these articles, the company shall be entitled to dematerialize its securities, rematerialize its securities held in Depositories and/or to offer fresh securities in a dematerialized form pursuant to the Depositories Act, 1996 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

- ii) Every person subscribing to securities offered by the Company shall have the option to receive the security certificate or hold the securities with a Depository. A person who is the beneficial owner of the securities can at any time opt out of a Depository, provided by the Depositories Act, 1996, and the Company shall, beneficial owner the required certificates of securities. If a person opts to hold his securities with a



Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of the information the Depository shall enter in its records the name of allottee as the beneficial owner of the security.

**iii) Securities in Depositories in fungible form**

All securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Section 153 and 372A of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of beneficial owners.

**iv) Rights of Depositories and Beneficial Owner**

Notwithstanding anything to the contrary contained in the Act or these Articles, Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner and shall not have any voting rights or any other rights in respect of securities held by it.

Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the Depository shall be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respects of his securities, which are held by a Depository.

**v) Service of Documents**

The Depository shall furnish to the company the information of transfer of securities and records of beneficial ownership at such intervals and in such manner as may be stipulated under the provisions of the Depositories Act.

**vi) Transfer of Securities**

Transfer of Securities held in Depository will be governed by the provisions of Depositories Act. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

**vii) Allotment of Securities dealt within a Depository**

Notwithstanding anything containing the Act or these Articles, where securities are dealt in a dematerialized form with a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

**Article 12B**

**Distinctive Numbers**

The Register of beneficial owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register of members for the purpose of these Articles.

**Article 12C**

**Register of Beneficial Owner**

Notwithstanding anything contained in these Articles, the provisions of Depositories Act, relating to dematerialisation of securities (including any modification or re-enactment thereof and Rules / Regulations made there under) shall prevail and apply accordingly.

**SHARES AND CERTIFICATES**

**Article 13**

**Shares under Control of Board of Director**

13. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) in the capital shall be under the control of the Board of Directors who may allot or otherwise dispose off the same to such persons on such terms and conditions and at such time as the Board of Directors think fit and with full power to give any person the option to call for or be allowed shares of any class of the Company either at a premium or at par or (Subject to the Provisions of Section 79 of the Act) at a discount and for such time and for such consideration as the Board of Directors think fit. Option or right to call of shares shall not be given to any person or persons without the sanction of the company in general meeting.

**Article 22**

**Joint Allottees**

- II (1) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a Single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.
- (2) For any other certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee One.

**Article 25**

**The First named of Joint holders deemed soleholder**

If any share stands in the name of two or more persons, the person first named in the Register, shall as regards receipts of dividends or bonus or service of notices and all or any other matter connected with the company, except voting at a meeting and the transfer of shares, be deemed to



be the sole holder thereof but the joint holders of a share, shall severally as well as jointly be liable for the payment of all instalments and calls due in respect of such share, and for all incidence thereof.

PROVIDED THAT not more than three persons shall be registered as joint holders of any share. Provided further that in case of death of one or more of the joint holders, the survivor or survivors of them shall be the only person entitled to the shares unless the Board shall on request of the survivor/s decide to recognise the legal representatives of the deceased joint holder as the persons entitled to the shares jointly with the survivor/s.

## **C A L L S**

### **Article 29**

#### **Directors may make Calls**

- (1) The Board may, from time to time by a resolution passed at a meeting of the Board and not by circular resolution, make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Members shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board.
- (2) A call may be revoked or postponed at the discretion of the Board.
- (3) A call may be made payable by instalments.

## **LIEN**

### **Article 30**

#### **Company to have lien on Shares.**

- (1) The company shall have first and paramount lien upon all the shares (Other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares shall be created except upon the footing and conditions that article 27 thereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors may at any time declare any share wholly or in part to be exempt from the provisions of this clause.

### **Article 33**

## **FOREFEITURE OF SHARES**

#### **Notice to member if money payable on share not paid.**

If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may at any time thereafter, during such time as the call or instalments remains unpaid, give notice to him 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.

### **Article 35**

#### **Term of Notice**

- (1) This notice shall name a day (not being less than fourteen days from the day of the notice) and a place or places on and at which such all or instalments and such interest as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid.
- (2) The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares, in respect of which the call was made or instalment is payable, will be liable to be forfeited.

### **Article 37**

#### **In default of payment shares to be forfeited**

If the requirement of any such notice as stated in Article 33 shall not be complied, with every or any share in respect of which such notice has been given may, at any time thereafter before payment of calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares not actually paid before the forfeiture.

### **Article 38**

#### **Notice of forfeiture to a Member**

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Members in whose names it stood immediately prior to the forfeiture, and in entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.



#### **Article 39**

##### **Forfeited Share to be property of the Company and may be sold, etc.**

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or any other person, upon such terms and in such manner as the Board shall think fit.

#### **Article 40**

##### **Member still liable to pay money owing at time of forfeiture and interest**

- (1) Any Member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time to time of the forfeiture until payment at such rate, not exceeding nine percent per annum, as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
- (2) The liability of such person shall cease if and when the forfeiture, of all interest in and all claims and demands against the Company in respect of the Share and all other rights incidental to the share, except only such of those rights as by these Articles are separately saved..

#### **Article 51**

##### **Application for transfer**

- (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee;
- (ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (iii) For the purpose of sub-clause (ii) above, notice to transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

#### **Article 55**

##### **Insolvency or liquidation of one or more joint holders of shares.**

In case of insolvency or liquidation of anyone or more of the persons named in the Register of Members as the joint-holders of any share, the remaining holder or holders shall be the only persons 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 the person under insolvency or liquidation from any liability of shares held by him, jointly with any other person.

#### **Article 56**

##### **Transfer by legal representative**

A transfer of a share in the Company of a deceased member made by his legal representative although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

#### **Article 57**

##### **Notice of refusal to be given to Transferor and Transferee.**

If the company refuses to register the transfer of any share or transmission of any right therein, the company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the company send notice of refusal to the transferee and the transferor or to the person giving intimation of the transmission as the case may be.

#### **Article 58**

##### **Death of one or more joint holders of shares**

In case of the death of any one or more persons named in the Register of Members as the Joint-holders of any share, the survivor or survivors shall be the only persons recognized 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 shares held by him jointly with any other person.

#### **Article 59**

##### **Title of shares of deceased member**

The executors or administrator of a deceased member or the holder of a succession certificate or the legal representative in respect of the shares of a deceased member (not being one of two joint holders) shall be the only person recognised by the Company as having any title to the shares registered in the names of such members, and the company shall not be bound to recognise such executor or administrators or holders of a succession certificate or the legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court or other competent authority in the Union



of India provided that in any case where the Board in its absolute discretion thinks fit, the Board may, upon such terms as to indemnity or otherwise as the Board may deem proper, dispense with production of Probate or Letters of Administration or Succession Certificate and register under these Articles the names of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

**Article 60**

**Registration of person entitled to shares otherwise than by transfer.**

Any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency, liquidation or winding up as the case may be, of any member or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board shall require and upon giving such indemnity as the Directors shall require, either by registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Board registered as a member in respect of such shares PROVIDED NEVERTHELESS THAT if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained, and until he does so he shall not be freed from any liability in respect of such shares. This clause is herein referred to as "THE TRANSMISSION CLAUSE".

**CONVERSION OF SHARE INTO STOCK**

**Article 66**

**Shares may be converted into stock**

The Company, may by a resolution passed at a General Meeting, convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of stock may thenceforth transfer respective interests therein, or nay part of such interests in the same manner and subject to the same regulations as and subject to which, shares may be or might have been transferred if no such conversion had taken place, or as near thereto as circumstances will admit.

**Article 69**

**BORROWING POWERS**

**Power to borrow**

Subject to the provisions of Section 58A, Section 292 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, receive deposits or loans from members either in advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdraft, cash credit or by issue of bonds, debentures or debenture stock (perpetual or otherwise) or in any other manner, or from any person, firm, Company, Co-operative Society, any corporate body, bank, institution, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sum or sums of money so received, raised or borrowed. Provided however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the company and its free reserves not being reserves set part for any specific purpose) the board shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Articles shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by the Articles had been exceeded.

**Article 82**

**Extraordinary General Meeting by Board and by requisition.**

The Directors, may whenever they think fit, convene an Extraordinary General Meeting and they shall on requisition by the members as hereinafter provided, forthwith proceed to convene an Extraordinary General Meeting of the Company.

**Article 106**

**Restriction on exercise of voting right of member who have not paid calls.**

No member shall exercise any voting rights in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

**Article 107**

**Number of votes to which member entitled**

- (1) Subject to the provisions of the immediately preceding Articles, every member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorized) have one vote and on a poll when present in person (including a body corporate by a duly authorized representative) or by an agent duly authorized by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital in the Company,

PROVIDED HOWEVER THAT, if any Preference Share-holder be present at any meeting of the Company, same as provided in clause(b) of sub-section (2) of Section 87, he shall have a right to vote only resolution before the meeting which directly affect the right attached to his preference shares.





- (2) A member is not prohibited from exercising his voting right on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

**Article 109**

**Votes of joint members**

If there be joint registered holders of any shares, any one of such persons may vote any meeting personally or by proxy in respect of such shares, as if he were sole entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of shares, but the other or others of the joint holders shall be entitled to be present at the meeting.

PROVIDED ALWAYS THAT a person present at any meeting personally shall be entitled to vote in preference to a person present by proxy although the name of such person present by proxy stands first or higher in the Register in respect of such shares several executors or administrators of a deceased member in whose name shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.

**Article 113**

**Voting in person or by proxy**

Subject to the provisions of these Articles a vote may be given either personally or by proxy.

**Article 117**

**Proxy not to vote on a show of hands**

No member present only by proxy shall be entitled to vote on a show of hands.

**DIRECTORS**

**Article 126**

**Number of Directors**

- (a) Unless otherwise determined by a General Meeting of the Company the number of Directors (including Debenture Directors, Special Directors and Corporation Directors, if any) shall be not less than 3 and not more than 12.
- (b) The Directors of the Company shall be :
1. Mr. Balkrishan Sitaram Sekhri
  2. Mr. Deepak Balkrishan Sekhri
  3. Mrs. Anita Deepak Sekhri

**Article 131.**

**Directors may fill casual vacancies**

- (1) The Board shall have power at any time and from time to time to appoint any qualified person to be a Director to fill a casual vacancy, arising out of the office of any Director appointed by the Company in General Meeting being vacated before his term of office expired in normal course.
- (2) Such casual vacancy shall be filled by the Board at meeting of the Board.
- (3) Any person so appointed shall hold office only upto to the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

**MANAGING DIRECTOR / WHOLETIME DIRECTOR**

**Article 156.**

**Appointment of Managing Director and/or Whole-Director(s) by the Board.**

The Board may, from time to time, appoint one or more of their body to be Managing Directors or Whole-time Director or Whole-time Directors of the company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time remove or dismiss him or them subject to the provisions of any contract between him or them and the Company from office and appoint another or others in his or their place or places.

**Article 178.**

**Division of Profits.**

- (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends, shall be declared and paid in proportion to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but and so long as nothing is paid



upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.

**Article 179.**

**The Company in general meeting may declare dividends.**

The Company in General Meeting may declare dividends to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and to Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in the general meeting.

**WINDING UP**

**Article 219.**

**Distribution of assets.**

If the company shall be wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid-up at the commencement of the winding-up on the share held by them respectively. If in a winding up the assets available for distributing among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the member 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. But this Articles is to be without prejudice to the right of the holders of shares issued upon special terms and conditions and preference share-holders shall have prior rights to repayment of capital and dividend due.

**SECRECY**

**Articles 221**

**Secrecy**

Every Director, Manager, Secretary, Trustee for the Company, its members or debenture-holders, member of a committee, Officer, Servant, Agent Accountant or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transaction of the Company with its customers and the state of accounts with individuals and in matters relating thereto shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required so do by the Board or by any General Meeting or by a court of Law and except so far as may be necessary in order to comply with any of the provisions of these articles contained.

**MATERIAL CONTRACTS AND DOCUMENTS**

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Prospectus may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the closing of the subscription list.

**A. MATERIAL DOCUMENTS**

1. Copy of Memorandum of Understanding dated 05/01/2005 between Shree Ganesh Forgings Ltd and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 05/01/2005 between Bigshare Pvt. Ltd, Registrar to the Issue and Shree Ganesh Forgings Ltd. the Company.
3. Copy of Indenture dated 29/09/1972 between Mr. Lakhpatrai Shadiram Agarwal and Shree Ganesh Forgings Ltd. in respect of plant located at Navi Mumbai.
4. Copy of tripartite agreement dated 15/03/2005 between SGFL, National Securities Depository Limited and Bigshare Services Pvt. Ltd., Registrar and Transfer Agent.
5. Copy of tripartite agreement dated 19/04/2005 between SGFL, Central Depository Services Limited and Big Share Services Pvt. Limited, Registrar and Transfer Agent.

**B. DOCUMENTS FOR INSPECTION**

1. Copy of Memorandum and Articles of Association of Shree Ganesh Forgings Ltd.
2. Copies of Annual report of Shree Ganesh Forgings Ltd for the year ended 31/03/2000, 31/03/2001, 31/03/2002, 31/03/2003 and 31/03/2004 and certified accounts for nine months period ended 31/12/2004.



3. Copy of Special Resolution under section 81(1A) and other relevant provisions of Companies Act, 1956 dated 30/11/2004 passed at the Extra Ordinary General Meeting of the company authorizing present issue of equity shares.
4. Copies of Consents from Directors of the company, Lead Managers to the Issue, Registrar to the Issue, Auditors, Banker to the Company, Bankers to the Issue.
5. Copy of certificate dated 28/03/2005 issued by R.K. Chaudhary & Associates, Chartered Accountant & Statutory Auditors of the Company reporting financials of Shree Ganesh Forgings Ltd in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios, details of sources and deployment of funds as on 20/03/2005.
6. Copy of letter dated 28/03/2005 received from R.K. Chaudhary & Associates, Chartered Accountant & Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
7. Copy of sanction of Term loan of Rs.12.40 Crores from Corporation Bank, Industrial Finance Branch, Mumbai vide their sanction letter No.CDS/CSI/DB/MC/184/2004-05 dated 26/03/2005.
8. Copy of Corporation Bank letter no. OR/IFB/CSI/1108/2004-05 dated 23/08/2004 in respect of working capital finance extended to the Company.
9. Copies of Memorandum and Articles of Association and Certificate of Incorporation, annual report for the year ended 31/03/2002,31/3/2003, 31/03/2004 and certified accounts for nine months period ended 31/12/2004 of the following companies: -
  - Dean Akshatt Exim Private Limited
  - Namha Exim Private Limited.
  - Namha Profile Inc.
  - S.Sarup & Company.
  - Chandramouli Silk Mills
10. Copy of factory license No. 63985 dated 22/01/2003 issued by the Government of Maharashtra, which is valid upto 31/12/2005.
11. Copy of Certificate dated 21/05/1983 issued by Directorate of Industries, Government of Maharashtra, to the Company, in respect of registration of the Company as small scale industrial unit.
12. Copy of Letter no. 4843/SIA/IMO/92 dated 29/12/1992, issued by Department of Industrial Development, Entrepreneur Assistance Unit, New Delhi, granting license to the Company to manufacture forged items.
13. Copy of Importer-Exporter license no. 0389029602 issued on 20/09/1989 by Government of India, Ministry of Commerce, Joint Director General of Foreign Trade to the Company.
14. Copy of an approval dated 03/03/2005 received from Maharashtra State Electricity Board, Vashi Circle for enhancement of the power supply.
15. Copy of No Objection Certificate received from Maharashtra Industrial Development Corporation for enhancement of electric power from 2578.87 K.W. to 5213.42 KW vide their letter no. MIDC/TA/EXPN/NOC/T.T.C./C-3/C/8885/2004/754 dated 21/12/2004.
16. Copy of the consent dated 26/11/2002 received from Maharashtra Pollution Control Board to operate under Section 26 of the Water (Prevention & Control of Pollution) Act 1974, and under section 21 of the Air (Prevention & Control of Pollution) Act 1981 and Authorisation/Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2000 vide consent order no. BO/RONM/THANE/271-02/CC-352.
17. Copy of the TUV CERT/RWTUV Certification Body for having established and applying a quality system for manufacture and sale of Closed Die Steel Forgings, Flanges and Fittings according to ISO 9001:2000 vide certification registration no. 041009695.
18. Copy of the certificate received from TUV CERT/RWTUV Certification Body for Quality-System according to Directive 97/23/ED vide certification no. 042022440021004 for PED.
19. Copy of the certificate received from TUV CERT/RWTUV Certification Body for having provided verification of compliance with the conditions in accordance with AD-2000-MERKBLATT WO vide certification registration no. 04202 W1300200018 dated 22/05/2002.
20. Copy of certificate from Lloyds Registrar Industrial Services (India) Pvt. Ltd for appendix "H" of CSA Standard B-51-95 (Quality Systems Requirements for Fitting Manufacturers) dated 12/05/2004.



21. Copy of Canadian Registration Number (CRN) #0B0465.9 for all the 13 provinces of Canada, i.e. British Colombia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, New Foundland & Labrador, Yukon Territory, Northwest Territory.
22. Copies of Certificate of Export Excellence awarded to SGFL in recognition of achieving highest export performance amongst the SSI exporters in the panel Forgings-all types by Engineering Export Promotion Council for the years 1990-1991, 1991-1992, 1992-1993, 1993-1994 and 1994-1995.
23. Copy of Certificate of Export Excellence awarded to SGFL in recognition of achieving highest export performance amongst the Non SSI exporters in the panel Forgings-all types by Engineering Export Promotion Council for the year 1998-1999.
24. Copy of Certificate of Export Excellence awarded to SGFL in recognition of achieving highest export performance amongst the Non SSI exporters in the panel Forgings-all types by Engineering Export Promotion Council for the year 2000-2001.
25. Copy of letter no.EEPC:MM:NN:REG AWARD: 2004 dated 30/12/2004 received from Engineering Export Promotion Council regarding award of certificate of export excellence (2001-2002) and highest export trophy (2002-2003) in the category of Steel Forging- all types and highest growth in exports Non-SSI for 2001-2002 and 2002-2003.
26. Copy of certificate of registration no. 100590 dated 05/03/2005 issued by Petroleum Development Oman L.L.C which is valid upto 02/03/2006.
27. Copy of approval from Syncrude Canada Ltd. dated 05/04/2004, which is valid upto July 2009.
28. Copy of letter of enlistment received from Engineers India Ltd vide their letter no. 4994/PDD/I/E/S-426 dated 17/06/2004
29. Copy of quotation for the purchase of CNC machineries received from LMW Machine Works Ltd. and PMT Machines Ltd vide their letter dated 27/07/2003 and 27/06/2004 respectively.
30. Copy of quotation for the purchase of 5 Ton Hammer received from Muller Weingarten vide their letter dated 22/11/2004.
31. Copy of quotation for the purchase of Forging Press received from Mordashov N.I. vide their letter dated 15/11/2004.
32. Copies of agency agreements entered into with the following entities:
  - Gerab National Enterprises, UAE
  - Wolseley Distribution Europe Ltd.
  - Mayla Drive, Oakville, Canada.
  - Tranox GmbH, Germany.
33. Copies of undertakings from Shree Ganesh Forgings Ltd
34. Copy of listing application filed with BSE on 10/01/2005.
35. Copy of in-principle approval received from BSE vide their letter no. List/smg/sdm/sm/2005 dated 02/03/2005 for listing of the equity share being issued in terms of this prospectus
36. Copy of SEBI observation letter no. CFD/DIL/JAK/36517/2005 dated 21/03/2005 received from SEBI, Mumbai in respect of the public issue of SGFL.
37. Copy of compliance letter no. SGFL/Comp/Kn (1) dated 19/04/2005 sent by Keynote Corporate Services Ltd to SEBI, Mumbai



## PART III

### DECLARATION

The Board of Directors of the Company jointly & severally declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in Prospectus is contrary to the provisions of the Companies Act, 1956 and rules thereunder. All the legal requirements connected with this 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.

Signed by the Board of Directors of SHREE GANESH FORGINGS LTD

Sd/-

\_\_\_\_\_  
**Deepak B. Sekhri**  
(Chairman cum  
Managing Director)

Sd/-

\_\_\_\_\_  
**Balkrishan Sekhri**  
(Director)

Sd/-

\_\_\_\_\_  
**Anita D. Sekhri**  
(Executive Director)

Sd/-

\_\_\_\_\_  
**Albert D'Souza**  
(Director)

Sd/-

\_\_\_\_\_  
**Gian Prakash Singh**  
(Director)

Sd/-

\_\_\_\_\_  
**Anand Vardhan**  
(Director)

Sd/-

\_\_\_\_\_  
**Krishan Kumar Khurana**  
(Director)

Sd/-

\_\_\_\_\_  
**Pal Uppal**  
(Director)

PLACE: Mumbai

DATE: 21/04/2005



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